



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

June 5, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF HEALTH SERVICES
10100 PIONEER BOULEVARD, SANTA FE SPRINGS
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year lease with TRIPLE NET PROPERTIES REALTY, INC, Landlord, for the occupancy of 41,270 rentable square feet of office/training space for the Department of Health Services (DHS) Emergency Medical Services (EMS), at 10100 Pioneer Boulevard, Santa Fe Springs, for a first year maximum rental amount of \$1,847,265, which includes an initial annual base and operating expense rent of \$1,015,242, \$185,047 for Tenant Improvements (TI) construction costs amortized for sixty months, a one-time lump sum payment of \$421,430 for unamortized TI and \$225,546 for furniture amortized for sixty months. The rental cost is 100 percent subvented by State and Federal funds including the Maddy Fund (SB612/SB1773), HRSA Grant, disaster grants and other EMS revenues.
2. Authorize the Chief Administrative Office (CAO) to acquire substitute financing for furniture systems acquired by the Landlord at a cost not to exceed \$949,210. The furniture systems of \$949,210 will be amortized at a maximum of 7 percent over a 60-month period, for a total payment of \$1,127,730, or \$225,546 annually.
3. Authorize the Landlord and/or Director of Internal Services Department (ISD), at the discretion of the CAO to acquire telephone systems for DHS at a one-time cost not to exceed \$2,413,000. All of the telephone, data, radio and low voltage systems will be paid in lump sum, in addition to other TI allowances.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

4. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County) to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.
5. Approve the project and authorize the CAO, DHS, and ISD to implement the project. The ten-year lease will commence upon completion of the improvements by the Landlord and acceptance of the improvements by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease will allow DHS to relocate approximately 187 staff comprised of Administration, Medical Alert Center, EMS Central Dispatch Office, Paramedic Training Institute and the Department's Disaster Operation Center, from shared space provided by DHS at 5555 Ferguson, Commerce. Providing EMS more adequate and sufficient space will allow them to better serve County clients including new programs, namely the Centralized Base Station and Lancet Training. Relocating the aforementioned staff will reduce overcrowding and improve delivery of services at 5555 Ferguson, Commerce which will be retained by DHS to house their Human Resources staff.

PRESENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. This proposed lease supports this strategy by complying with the Strategic Asset Management Principles (Goal 4). In this case, we are leasing space for the DHS in order to maximize Federal and State funding by housing subvented programs in leased space, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum amount for the lease will be \$1,847,265 annually. This includes the annual base and operating expense lease cost which will initially be \$1,015,242, a one-time lump sum payment of \$421,430 for unamortized TI, the balance of TI construction cost which will be amortized at \$185,047 annually, and furniture which will be financed at \$225,546 annually from a third-party vendor.

The lease requires the County to reimburse the Landlord in a lump sum for the furniture systems and the authority to acquire third-party furniture financing at 7 percent interest to be repaid over a maximum 60-month term. The third-party furniture financing would be in an amount not to exceed \$225,546 annually for five years and will be charged against the DHS proposed operating budget beginning in FY 2007-08.

10100 PIONEER BOULEVARD, SANTA FE SPRINGS	PROPOSED TEN-YEAR LEASE
Area (Square feet)	41,270
Term	Ten years (upon acceptance of space by County)
Annual Base and Operating Expense Rent	\$1,015,242 / \$24.60/sq.ft. (includes \$907,940 in unamortized TI's provided by the Landlord.)
Additional TI Construction	Of the TI construction improvements of \$1,164,290, the County will make a lump sum payment of \$421,430 and finance the difference of \$742,860. The financed amount of \$742,860 would be amortized at 9 percent over the initial 60-months for a total payment of \$925,233, or \$185,047 annually.
Furniture-County Financed	Furniture acquisition cost estimated at \$949,210 to be amortized over 60 months at 7 percent for a total payment of \$1,127,730, or \$225,546 annually.
Maximum First Year Rent	\$1,847,265
Parking Included in Rent	190 off-street spaces.
Cancellation	Anytime after the 96th month, on 365 days notice.
Option to Renew	Two 5-year options to renew the lease at 90 percent of market or prior month base rent.
Rental Adjustments for Base Rent and Operating Expense Rent	Base Rent adjusted annually by CPI at a minimum of 2.5 percent to a maximum of 5 percent and the Operating Expense Rent (\$406,097 base year) adjusted annually at a maximum of 5 percent of the actual operating expenses from the proceeding year.

The monthly rent under the lease will be at \$2.05 per square foot, full service comprised of a Base Rent of \$1.23 per square foot which will be adjusted annually by the CPI at a minimum of 2.5 percent to a maximum of 5 percent and an Operating Expense Rent of \$.82 per square foot which is adjusted annually at a maximum of 5 percent of the actual operating expenses from the proceeding year.

The total estimated one-time purchase cost for the telephone and data systems is not to exceed \$2,413,000 and shall be paid by the DHS. The purchases include a telephone system that is upgradeable to the Voice-over Internet Protocol (VoIP), data network systems that are expandable to allow for future voice, data and video convergence and radio systems that are scaleable, upgradeable and interoperable. Should the Landlord be able to provide the aforementioned work at a cost at or below the County's cost, the recommendation herein allows for the payment of these costs to the Landlord, or at the discretion of the CAO, all or part of these costs may be paid direct on a lump sum basis.

Partial funding for the proposed lump sum payment to cover telephone and data equipment is included in the DHS FY 2006-07 Final Budget. Funding is included in the DHS FY 2007-08 Proposed Budget and has been requested in the FY 2007-08 Final Change Request to cover the entire projected lease costs as well as the financing for furniture and low-voltage systems.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease provides 41,270 rentable square feet of office/training space and 190 off-street parking spaces. The lease contains the following provisions:

- The ten-year term of the lease begins upon completion of improvements by the Landlord and acceptance of the improvements by the County.
- An annual base and operating expense rent of \$1,015,242. A TI allowance of \$22.00 per square foot or \$907,940 is included in the base rental rate.
- Additional TI and change order allowances totaling \$1,164,290, or \$28.21 per square foot in reimbursable TI funds is available. Any amount utilized for TI up to \$742,860, or the first \$18.00 used will be paid back to the Landlord amortized at 9 percent over the initial 60 month term, or can be lump sum paid anytime by the County. The balance of \$421,430 in additional TI requires lump sum reimbursement to Landlord within 60 days of Lease commencement.
- The estimated furniture acquisition allowance of \$949,210 or \$23.00 per square foot in reimbursable furniture improvement funds will be paid back to the Landlord in lump sum within 60 days of lease commencement via third-party furniture financing over 60 months at 7 percent for a total payment of \$1,127,730, or \$225,546 annually.
- The Landlord will provide 190 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the department.

- The lease is on a full-service basis whereby the Landlord will be responsible for all operating and maintenance costs, except that the County must reimburse metered electricity consumption in its twenty-four hour operation in Premises No 1, as referenced in the lease.
- A cancellation provision is provided in the lease which allows the County to cancel anytime after the 96th month with not less than 365 days prior written notice.
- The County has two 5-year options to renew the lease at 90 percent of market or prior month base rent, whichever is greater.

CAO Real Estate staff surveyed Santa Fe Springs and the surrounding area to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking and TI for similar property is between \$24.50 and \$28.50 per square foot per year modified full-service. Thus, the base annual rent of \$24.60 per square foot for the base lease cost is at the low end of the market rate for this area. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on December 13, 2006. After careful review, the Commission approved the proposed lease. The Auditor-Controller has reviewed the lease for compliance with Federal and State subvention guidelines and concurs that it meets the criteria for an Operating Lease. The Department of Public Works has inspected this facility and concurs that it meets current standards for the County's occupancy.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

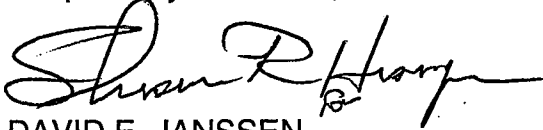
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs in this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:TS:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Health Services
Internal Services Department

**DEPART OF HEALTH SERVICES
10100 PIONEER BOULEVARD, SANTA FE SPRINGS**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio: 1/221 square feet. Public areas for this program and training areas increases space per person.		X	
2.	<u>Capital</u>				
	A	Should this program be in leased space to maximize State/Federal funding?	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? No, size of project did not require build-to-suit or capital project because of availability of leased space.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			
		² If not, why not?			

Attachment B

**SPACE SEARCH – WITHIN TEN MILES OF 10430 SLUSHER, SANTA FE SPRINGS
10100 PIONEER BOULEVARD, SANTA FE SPRINGS
DEPARTMENT OF HEALTH SERVICES**

LACO	FACILITY NAME	ADDRESS	SQ.FT. GROSS	NET SQ.FT.	OWNERSHIP	SQ.FT. AVAILABLE
6467	AG COMM/WT'S MEAS-SOUTH GATE ADMINISTRATION	11012 GARFIELD AVE, SOUTH GATE 90280	21,902	15,325	OWNED	NONE
4238	ANIMAL CONTROL #1-ADMINISTRATION BUILDING	11258 GARFIELD AVE, DOWNEY 90242	8,449	2,772	OWNED	NONE
6723	PUBLIC LIBRARY-LYNWOOD LIBRARY	11320 BULLIS RD, LYNWOOD 90262	11,722	10,396	OWNED	NONE
X349	LYNWOOD REGIONAL JUSTICE CENTER COURTHOUSE	11701 S ALAMEDA ST, LYNWOOD 90262	62,078	53,480	FINANCED	NONE
X351	CENTURY DETENTION-DETENTION ADMIN	11705 S ALAMEDA ST, LYNWOOD 90262	20,706	17,600	FINANCED	NONE
D980	PUBLIC LIBRARY-HOLLYDALE LIBRARY	12000 GARFIELD AVE, SOUTH GATE 90280	5,530	4,440	LEASED	NONE
1204	HEALTH SERVICES-ADMINISTRATION BLDGS 307/308	12817 DAHLIA AVE, DOWNEY 90242	26,475	17,125	OWNED	NONE
1203	DHS-PUBLIC HEALTH FACILITIES BUILDING 301/302	12838 ERICKSON AVE, DOWNEY 90242	19,575	12,170	OWNED	NONE
Y216	PUBLIC LIBRARY-PARAMOUNT LIBRARY	16254 COLORADO AVE, PARAMOUNT 90723	8,750	7,426	OWNED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 A/B S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133,000	103,324	LEASED	NONE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	576,467	205,939	FINANCED	NONE
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	48,135	38,777	OWNED	NONE
3037	MONA-DIRECTOR'S BLDG/COMFORT STATION	2291 E 121ST ST, COMPTON 90222	829	296	OWNED	NONE
5982	PUBLIC LIBRARY-COMPTON LIBRARY	240 W COMPTON BLVD, COMPTON 90220	43,842	15,830	OWNED	NONE
A620	PUBLIC LIBRARY-EAST RANCHO DOMINGUEZ LIBRARY	4205 E COMPTON BLVD, EAST COMPTON 90221	5,000	4,529	LEASED	NONE
A560	DCSS-EAST RANCHO DOMINGUEZ SERVICE CENTER	4513 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	4,436	3,188	LEASED	NONE
F325	PW FLOOD-IMPERIAL YARD OFFICE	5525 E IMPERIAL HWY, SOUTH GATE 90280	4,800	2,340	PERMIT	NONE
A350	ASSESSOR-LONG BEACH REGIONAL OFFICE	5898 CHERRY AVE, LONG BEACH 90808	12,450	6,991	OWNED	NONE
X998	LOS PADRINOS JUVENILE COURTHOUSE-1	7281 E QUILL DR, DOWNEY 90242	47,231	24,470	OWNED	NONE
A136	FIRE-PARAMOUNT HAZARDOUS MATERIALS DIV OFFICE	7300 E ALONDRA BLVD, PARAMOUNT 90723	1,928	1,830	LEASED	NONE
A755	PUBLIC LIBRARY-ADMINISTRATION HDQTRS	7400 E IMPERIAL HWY, DOWNEY 90242	68,000	55,733	FINANCED	NONE
D600	DOWNEY COURTHOUSE	7500 E IMPERIAL HWY, DOWNEY 90242	103,502	78,996	FINANCED	NONE
3385	RANCHO-HOSPITAL OFFICE BUILDING 500	7601 E IMPERIAL HWY, DOWNEY 90242	139,789	63,850	FINANCED	NONE
1100	PUBLIC SAFETY-HDQTRS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	15,482	9,221	OWNED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66,200	56,002	FINANCED	NONE
1100	PUBLIC SAFETY-HDQTRS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	51,114	9,221	OWNED	NONE
0370	COMPTON AIRPORT-ADMIN BUILDING-8	901 W ALONDRA BLVD, COMPTON 90220	2,880	2,592	OWNED	NONE

NEGATIVE DECLARATION

Department Name: Health Services/Emergency Medical
Project: Administrative Offices/ Emergency Response
Team and a small training center for paramedic
certification

Pursuant to Section 15072, California Environmental Quality Act and California
Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be
used by the County of Los Angeles, Department of Health Services/Emergency
medical Services as administrative office, and training space.

2. a. Location of Project (plot plan attached)

10100 Pioneer Blvd., Santa Fe Springs, CA 90670

b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

ORIGINAL FILED

NOV 06 2006

LOS ANGELES, COUNTY CLERK

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the
environment based on information shown in the attached Environmental
Information Form dated March 27, 2006 which constitutes the Initial Study of
this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the
Chief Administrative Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date
November 6, 2006

Real Property Agent
Thomas Shepos

Telephone
(213) 974-4363

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE**

TEN-YEAR LEASE

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 10100 Pioneer Blvd., Santa Fe Springs, California, which will be used by the Department of Health Services (DHS) Emergency Medical Services Unit (EMS). The role of the EMS Agency is administrative plus the following sections that would provide direct services:

A Central Communication Center with cubicle work stations will house the Medical Alert Center (MAC) which arranges transfer of patients between county facilities and private hospitals, coordinates multi-casualty incidents providing patient destination to paramedics in the field and monitors hospital diversion status.

A Paramedic Training Institute (PTI) which will train approximately 150 students per year and focus on didactic and skills performance within the paramedic scope of practice.

A Disaster Operation Center (DOC) which would be activated during major disasters, (i.e. civil unrest, earthquakes, terrorism event) and frequent disaster drills and exercises. When activated, it is staffed by designated DHS employees and administrators on a 24/7 basis.

Lancet Training Room – Lancet holds a 10-year contract with the department to provide computer support and data collection services for the EMS Agency. This group collects data (patient information) initiated in the field by paramedics responding to 9-1-1 calls and base hospitals that are providing medical direction to the paramedics. There are approximately 450,000 EMS data forms submitted to the EMS yearly.

The facility, located in the Fifth Supervisorial District approximately 17 miles from the Los Angeles Civic Center, includes 39,696 square feet of office/training space. DHS shall have use of 190 off-street parking spaces for staff in addition to available parking for visitors. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

INITIAL STUDY

I. Location and Description of Project

These proposed leased premises are located at 10110 Pioneer Blvd., Santa Fe Springs located in the First Supervisorial District approximately 14 miles northwest of the Los Angeles Civic Center and 3 miles East of the 605 freeway. (See attached map)

The building to be used is owned by NNN SFS TOWN CENTRE, LLC and is intended for use as office space. Located at the site are 190 non-exclusive off-street parking spaces for Department of Health Services and visitors and ample public parking is located within the on-site parking lot and surrounding area.

This project consists of leasing this facility for 10 years in which will be located DHS/EMS offices and training facility. It is anticipated that an average of 160 employees will be occupying the premises with the maximum employee occupancy anticipated to be 150 per day. In addition to the employees, it is anticipated that an average of 40 members of the public per day will be visiting the facility for normal administrative purposes. No expansion of existing premises will occur for this project and no exterior alterations, except for interior tenant improvements and furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as Office Building in the City of Santa Fe Springs and zoned SSML-MLD. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of commercial type facilities. The site includes approximately 1,179,169 square feet of developed property. The site is bordered by Albutis Street on the east side, Telegraph Road on the north side, commercial property on the west side and south sides.

IV. Identification of Environmental Effects

A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines is anticipated.

B. The project will not conflict with adopted environmental plans and goals of

the City of Santa Fe Springs.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for legal services purposes. The County's use is in conformance with uses approved by the City of Santa Fe Springs.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No significant increased energy consumption is anticipated by the County's use of the premises as compared to previous uses.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Thomas Shepos of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on November 3, 2006.

DATE POSTED – November 8, 2006

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012
3. Date Information Form Submitted - November 6, 2006
4. Agency Requiring Information Form - Los Angeles County
Chief Administrative Office
Real Estate Division
5. Name of Proposal, if Applicable -
6. Address of Facility Involved - 10100 Pioneer Blvd.,
Santa Fe Springs, CA 90670

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2 above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con Carlos Marquez, para asistencia en obtener una traduccion para el numero (213) 974-4163.

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

DEPARTMENT: HEALTH SERVICES, as Tenant

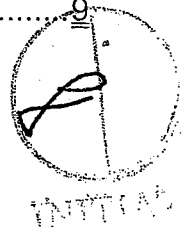
LANDLORD:

NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company

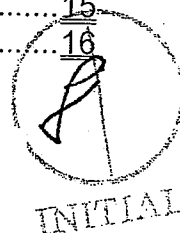
10100 Pioneer Boulevard
Santa Fe Springs, California 90670

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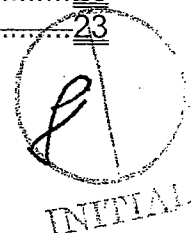
1	2	3	4		
5	1.	BASIC LEASE INFORMATION.....	1		
6	(a)	Landlord's Address.....	1		
7	(b)	Tenant's Address for Notice.....	1		
8	(c)	Premises.....	2		
9	(d)	Building.....	2		
10	(e)	Term.....	2		
11	(f)	Projected Commencement.....	2		
12	(g)	Commencement Date.....	2		
13	(h)	Irrevocable Offer.....	2		
14	(i)	Basic Rent.....	2		
15	(j)	Early Termination Date.....	2		
16	(k)	Rentable Square Feet.....	2		
17	(l)	Use.....	3		
18	(m)	Initial Department Use.....	3		
19	(n)	Parking Spaces.....	3		
20	(o)	Normal Working Hours.....	3		
21	(p)	Asbestos Report.....	4		
22	2.	PREMISES.....	5		
23	3.	COMMON AREAS.....	6		
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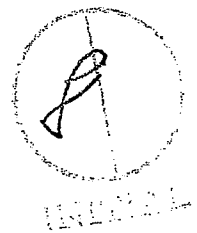
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**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT**

THIS LEASE AND AGREEMENT (this "Lease"), made and entered into in duplicate original as of the ____ day of _____, 2006 by and between NNN SFS TOWN CENTER, LLC, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

1.1 Defined Terms:

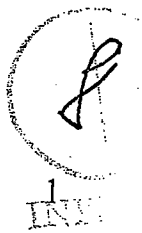
a) Landlord's Address
for Notice:

c/o Triple Net Properties
Attn: Notice Department
1551 N. Tustin Avenue, Suite 200
Santa Ana, California 92705

b) Tenant's Address
for Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 383
Los Angeles, California 90012

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971



- 1 c) Premises: Approximately 41,270 rentable square feet in the
2 Building (defined below) as shown on Exhibit A
3 attached hereto as "Premises 1" and "Premises 2."
- 4 d) Building: The building located at 10100 Pioneer Boulevard,
5 Santa Fe Springs, California 90670, which is located
6 upon the real property described more particularly in
7 Exhibit B attached hereto (the "Property");
- 8 e) Term: Ten (10) years commencing thirty (30) days after
9 Tenant's Acceptance of the Premises as defined in
10 Section 4(a) (the "Commencement Date"); and
11 terminating at midnight on the day before the 10th
12 anniversary of the Commencement Date (the
13 "Termination Date"), subject to earlier termination by
14 Tenant as provided herein. The phrase "Term of this
15 Lease" or "the Term hereof" as used in this Lease, or
16 words of similar import, shall refer to the initial Term
17 of this Lease together with any additional Extension
18 Term for which an option has been validly exercised.
- 19 f) Projected Commencement Date: June 1, 2007
- 20 g) Commencement Date:
- 21 h) Irrevocable Offer Expiration Date: March 1, 2007
- 22 i) Rent:
- 23 1) Base Rent: \$1.23 Base Rent per rentable square foot (adjustable
24 as provided in Section 2(b) and Section 33 hereof).
- 25 2) Operating Expense Rent: \$.82 Operating Expense Rent per
26 rentable square foot (adjustable as provided in
27 Section 2(b) and Section 34 hereof)
- 28 j) Early Termination Date: The date of the Eighth Anniversary of the
29 Commencement Date with at least 12 months prior
30 written notice.
- 31 k) Rentable Square Feet in the Premises:
- 32 l) Use: General office use or for any other lawful purposes
33 not incompatible with other uses in the Building.
- 34 m) Initial Department Use: Emergency Medical Services/DHS
- 35
36
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1
2 n) Parking spaces: 190 non reserved

3
4 o) Normal Working Hours:
5

6 PREMISES 1

7 24 hours per day, 7 days per week, 365 days per year.
8 Air conditioning services required at all times and subject
9 to reimbursement by Tenant to Landlord of the
10 reasonable costs thereof. Information regarding the cost
11 of providing air conditioning and other services shall be
12 made available to Tenant and shall be based on
13 Landlord's actual cost to provide such services which will
14 be separately metered.
15

16 PREMISES 2

17 7:00 a.m. to 7:00 p.m., Monday through Saturday and
18 7:00 a.m. to 3:00 p.m. Sunday, except New Year's Day,
19 President's Day, Memorial Day, Independence Day,
20 Labor Day, Thanksgiving Day, Christmas Day (on the
21 days such holidays are generally observed) and such
22 other holidays as are generally recognized by the County
23 of Los Angeles, California. Air conditioning services
24 required at other times shall be furnished upon
25 reasonable advance notice and subject to reimbursement
26 by Tenant to Landlord of the reasonable costs thereof.
27 Information regarding the cost of providing air
28 conditioning and other services after hours shall be made
29 available to Tenant and shall be based on Landlord's
30 actual cost to provide such services.
31

32 p) Asbestos Report: A report dated _____ prepared by _____
33 _____, a licensed California asbestos contractor.
34

35 1.1. Defined Terms Relating to Landlord's Work Letter
36

- 37 a) Base Tenant Improvement Allowance: \$22.00 per square foot
38
39 b) Additional Tenant Improvement Allowance: \$27.00 per square foot
40
41 c) Furniture Allowance: \$23.00 per square foot
42
43 d) Maximum Change Order Allowance: \$50,000
44
45 e) Additional Tenant Improvement and
46 Change Order Amortization Rate: 9% per annum

- 1 f) Basic Rent Reduction: intentionally omitted
- 2
- 3 g) Tenant's Work Letter
- 4 Representative: Thomas Shepos or a designated staff
- 5 Representative from the Chief Administrative
- 6 Office – Real Estate Division
- 7
- 8 h) Landlord's Work
- 9 Representative: Marge Almond
- 10
- 11 i) Landlord's Address for
- 12 Work Letter Notice: 1551 N. Tustin Avenue, Suite 200
- 13 Santa Ana, California 92705
- 14
- 15 j) Tenant's Address for
- 16 Work Letter Notice: Board of Supervisors
- 17 Kenneth Hahn Hall of Administration
- 18 500 West Temple Street, Room 383
- 19 Los Angeles, CA 90012
- 20
- 21 With a copy to:
- 22 Chief Administrative Office
- 23 Real Estate Division
- 24 222 South Hill Street, 3rd Floor
- 25 Los Angeles, CA 90012
- 26 Fax Number: (213) 217-4971
- 27

- 28 1.2 Exhibits to Lease: Exhibit A - Floor Plan of Premises
- 29 Exhibit B - Legal Description of Property
- 30 Exhibit C - Commencement Date Memorandum
- 31 and Confirmation of Lease Terms
- 32 Exhibit D - HVAC Standards
- 33 Exhibit E - Cleaning and Maintenance Schedule
- 34

- 35 1.3 Landlord's Work Letter: (Executed concurrently with this Lease and
- 36 Improvements made a part hereof by this
- 37 reference)
- 38 Addendum A: Base Building Improvements
- 39 Addendum B: Tenant Improvements
- 40 Addendum C: Form of Budget
- 41 Addendum D: Costs of Tenant Improvements
- 42

- 43 1.4 Supplemental Lease Documents: (Delivered to Landlord and made a part
- 44 of hereof by this reference.)
- 45
- 46

Document I: Subordination, Non-disturbance

and Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business
Enterprise Form
Document IV: Memorandum of Lease
Document V: Request for Notice

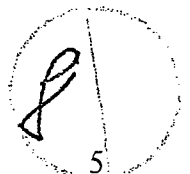
2. PREMISES

2.1 Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

a) Premises No.1 is approximately 8,325 rentable square feet located on the 1st floor and identified as Suite 102.

b) Premises No.2 is approximately 31,371 rentable square feet consisting of 2,024 rentable square feet located on the 1st floor and the entire 2nd floor consisting of 31, 371 rentable square feet of the Building.

2.2 Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI 265.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.



1 3. COMMON AREAS

2
3 Tenant may use the following areas ("Common Areas") in common with Landlord
4 and other tenants of the Building: the entrances, lobbies and other public areas of
5 the Building, walkways, landscaped areas, driveways necessary for access to the
6 Premises, parking areas and other common facilities designated by Landlord from
7 time to time for common use of all tenants of the Building. Tenant shall comply
8 with all reasonable, non-discriminatory rules and regulations regarding the use of
9 the Common Areas established by Landlord

10
11 4. COMMENCEMENT AND EXPIRATION DATES

12
13 a. Term. The term ("Term") of this Lease shall commence upon the
14 Commencement Date and terminate on the Termination Date. Within thirty
15 (30) days of determining the Commencement Date, Landlord and Tenant
16 shall acknowledge in writing the Commencement Date by executing the
17 Commencement Date Memorandum and Confirmation of Lease Terms
18 attached as Exhibit C. The Commencement Date shall begin thirty (30)
19 days after Tenant's Acceptance of the Premises. The term "Tenant's
20 Acceptance of the Premises" as used in this Lease shall mean the date
21 upon which the Premises are Substantially Complete, and Tenant has
22 inspected the Premises and Tenant has accepted the Premises. The term
23 "Substantially Complete" or "Substantial Completion" as used in this Lease
24 shall mean compliance with all of the following: (1) the shell and core of the
25 Building are complete and in compliance with all applicable laws and codes,
26 and all of the building systems are operational to the extent necessary to
27 service the Premises; (2) Landlord has sufficiently completed all the work
28 required to be performed by Landlord in accordance with this Lease,
29 including the installation of modular furniture systems, if so required (except
30 minor punch list items, which Landlord shall thereafter promptly complete),
31 such that Tenant can conduct normal business operations from the
32 Premises; (3) Landlord has obtained a certificate of occupancy for the
33 Building, or a temporary certificate of occupancy for that portion of the
34 Building that includes all of the Premises, or its equivalent; (4) Tenant has
35 been provided with the number of parking privileges and spaces to which it
36 is entitled under this Lease; and (5) if Landlord is responsible for the
37 installation of telecommunication systems, then such systems shall be
38 completely operational. Tenant shall not unreasonably withhold its
39 Acceptance of the Premises.

40
41 b. Termination Right. If the Commencement Date has not occurred within one
42 hundred twenty (120) days from the Projected Commencement Date,
43 subject to Tenant Delays or Force Majeure Delays as provided in Landlord's
44 Work Letter, which has been executed concurrently herewith, Tenant may
45 thereafter, at any time before the Commencement Date occurs, terminate
46 this Lease effective sixty (60) days after the giving of written notice to

1 Landlord and the parties shall have no further obligations to one another
2 hereunder. If Substantial Completion occurs prior to the effective date of
3 Tenant's cancellation, then the Term of this Lease shall continue in
4 accordance with the provisions of Section 4(a) above.

5
6 c. Early Possession. Provided Tenant complies with Landlord's and
7 Landlord's contractor's reasonable rules and regulations, and Tenant does
8 not interfere with the Landlord's work, Tenant may have non-exclusive and
9 reasonable access to the Premises not less than thirty (30) days prior to the
10 Commencement Date solely for the purpose of installing Tenant's furniture,
11 fixtures and equipment in the Premises. Such early occupancy shall be
12 subject to all provisions hereof but shall not advance the Termination Date,
13 and Tenant shall not pay Basic Rent for such early occupancy period
14 (provided Tenant shall not commence business operations in the Premises
15 during such early occupancy period).

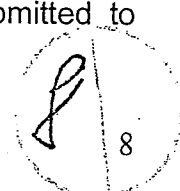
16
17 d. Early Termination. Tenant shall have the right to terminate this Lease as of
18 a date occurring at any time after the Early Termination Date, as defined in
19 Section 1, by giving Landlord not less than twelve (12) months prior written
20 notice executed by the Chief Administrative Officer of Tenant. In the event
21 Tenant elects to terminate this Lease pursuant to this Section 4(d), Tenant
22 shall reimburse to Landlord in lump sum no later than ninety (90) days after
23 the Termination date (a) the principal amount of the Additional Tenant
24 Improvement Allowance and the Maximum Change Order Allowance (to
25 the extent utilized) and remaining unpaid to Landlord as of the date of
26 termination of this Lease; and (b) the principal balance, applying a ten (10)
27 year amortization schedule commencing on the Commencement Date of
28 this Lease with an interest factor of nine percent (9%) per annum,
29 remaining as of the date of termination of this Lease, of the brokerage
30 commission paid by the Landlord in connection with this Lease.

31
32 e. Options to Extend.

33 (i) Landlord hereby grants to Tenant two (2) options (each an
34 "Option") to extend the Term of this Lease for two additional periods of
35 sixty (60) months (each an "Option Term"). An Option must be exercised,
36 if at all, by written notice ("Option Notice") delivered by Tenant to Landlord
37 not later than one hundred eighty (180) days prior to the end of the initial
38 Term of this Lease, or the first Option Term, as applicable. Further, an
39 Option shall not be deemed to be properly exercised if, as of the date of
40 the Option Notice, or at the end of the initial Term of this Lease or the end
41 of the first Option Term, as applicable, Tenant (A) is in default under this
42 Lease, or (B) has assigned all or any portion of this Lease or its interest
43 therein, or has sublet all or any portion of the Premises in violation of the
44 Lease. Provided Tenant has properly and timely exercised an Option, the
45 then current term of the Lease shall be extended by the Option Term, and
46 all terms, covenants and conditions of the Lease shall remain unmodified

1 and in full force and effect, except that (i1) Landlord shall have no
2 obligation to make any tenant improvements or provide any allowance
3 therefore, and (2) the Basic Rent shall be modified as set forth in sections
4 (ii), (iii) and (iv) below.

5 (ii) The Basic Rent payable for the first year of an Option Term
6 shall be equal to the greater of (A) ninety-five percent (95%) of the then
7 prevailing fair market rental value of the Premises as determined herein,
8 or (B) the Basic Rent payable by Tenant to Landlord during the final month
9 of the initial Term of this Lease, or the first Option Term, as applicable.
10 The monthly Basic Rent for an Option Term shall be adjusted as provided
11 in Section 4(e)(v) below and stated on Exhibit F attached hereto. If
12 Landlord determines that the Basic Rent for an Option Term shall be
13 based upon the calculation described in clause (B) above, such
14 determination shall be conclusive, Tenant shall have no right to object
15 thereto, and the following provisions regarding the determination of fair
16 market rental value shall not apply. If Landlord determines that the Basic
17 Rent for an Option Term shall be ninety-five percent (95%) of the fair
18 market rental value of the Premises pursuant to clause (A) above,
19 Landlord shall determine the fair market rental value by using
20 commercially reasonable good faith judgment. As used herein, "fair
21 market rental value" shall mean the annual amount per rentable square
22 foot then being charged or projected to be charged for similarly improved
23 office space in comparable buildings (age, design, quality and relative
24 location in the vicinity in which the building is situated) located within a 5-
25 mile radius of the Premises, on leases for delivery on or about the
26 applicable delivery or effective date of the Option Term, taking into
27 consideration annual rental rates per rentable square foot, age and
28 condition of building, the type of escalation clauses, tenant improvements
29 or allowances provided or to be provided for such comparable space,
30 rental abatement concessions, if any, the length of the relevant term the
31 extent of which the fair market rental value is to become effective, and any
32 other relevant terms or conditions. It shall be understood, however, no
33 reduction or increase in rent shall be granted for the presence or absence
34 of a brokerage commission. Landlord shall provide written notice of such
35 amount not later than one hundred twenty (120) days prior to the
36 expiration of the then current term. Tenant shall have thirty (30) days
37 ("Tenant's Review Period") after receipt of Landlord's notice of the fair
38 market rental value within which to accept such fair market rental value or
39 to reasonably object thereto in writing. In the event Tenant objects to the
40 fair market rental value submitted by Landlord, Landlord and Tenant shall
41 attempt in good faith to agree upon such fair market rental value, using
42 their best good faith efforts. If Landlord and Tenant fail to reach
43 agreement on such fair market rental value within thirty (30) days following
44 Tenant's Review Period (the "Outside Agreement Date"), then each
45 party's determination of fair market rental value shall be submitted to
46 arbitration in accordance with section (iii) below.



1 (iii) (1) Landlord and Tenant shall each appoint one arbitrator who
2 shall by profession be a real estate broker who shall have been active
3 over the five (5) year period ending on the date of such appointment in the
4 leasing of commercial properties in the area in which the Building is
5 located or an individual who shall be designated as a Member, Appraisal
6 Institute of Real Estate Appraisers (MAI) or a member of the Society of
7 Real Estate Appraisers (SREA) and who shall have been active over the
8 five (5) year period ending on the date of such appointment in the
9 appraisal of commercial properties located in Los Angeles County. The
10 determination of the arbitrators shall be limited solely to the issue of
11 whether Landlord's or Tenant's submitted fair market rental value for the
12 Premises is closer to the actual fair market rental value for the Premises
13 as determined by the arbitrators, taking into account the requirements of
14 section 4(e)(ii) above and this section regarding the same. Each such
15 arbitrator shall be appointed within fifteen (15) days after the Outside
16 Agreement Date.

17 (2) The two arbitrators so appointed shall, within fifteen (15)
18 days of the date of the appointment of the last appointed arbitrator, agree
19 upon and appoint a third arbitrator who shall be qualified under the same
20 criteria set forth hereinabove for qualification of the initial two arbitrators.

21 (3) The three arbitrators shall within thirty (30) days of the
22 appointment of the third arbitrator reach a decision as to whether the
23 parties shall use Landlord's or Tenant's submitted fair market rental value,
24 and shall notify Landlord and Tenant thereof. Such decision shall be
25 based upon the factors described in section 4(e) (ii) above.

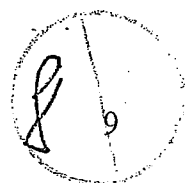
26 (4) The decision of the majority of the three arbitrators shall
27 be binding upon Landlord and Tenant.

28 (5) If either Landlord or Tenant fails to appoint an arbitrator
29 within the time period specified in section 4(e)(iii)(1) hereinabove, the
30 arbitrator appointed by one of them shall reach a decision, notify Landlord
31 and Tenant thereof, and such arbitrator's decision shall be binding upon
32 Landlord and Tenant.

33 (6) If the two arbitrators fail to agree upon and appoint a
34 third arbitrator both arbitrators shall be dismissed and the matter to be
35 decided shall be forthwith submitted to arbitration under the provisions of
36 the American Arbitration Association.

37 (7) The cost of arbitration shall be paid by Landlord and
38 Tenant equally.

39 (iv) Notwithstanding the fair market rental value for the Premises
40 selected by the arbitrators, in no event shall the Basic Rent for an Option
41 Term be less than the Basic Rent payable by Tenant during the final year
42 of the term of this Lease immediately prior to the subject Option Term.



(v) Basic Rent shall be adjusted on the first day of the first full month following the first anniversary of the Option Commencement Date (which shall mean the first day of the applicable Option Term) and thereafter, for each year remaining of the applicable Option Term, on the anniversary of such day (the "Adjustment Date"), as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside areas, all items (1982-84 = 100), published by the United States Department of Labor (the "Index"), which is published for the month which is three (3) months prior to the applicable Option Commencement Date (the "Reference Index"). The Index published for the month which is three (3) months prior to the applicable Adjustment Date (the "Comparison Index") shall be used for determining the increase in Basic Rent on such Adjustment Date.

If on any Adjustment Date the Comparison Index is greater than the Reference Index, then the Basic Rent for the following twelve (12) month period shall be the amount determined by multiplying the Basic Rent payable for the first full month of the applicable Option Term by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Reference Index. Landlord and Tenant hereby acknowledge and agree that, the foregoing notwithstanding, Basic Rent shall be increased on each and every Adjustment Date by no less than two point five percent (2.5%) but no more than five percent (5%) above the Basic Rent in effect immediately prior to such Adjustment Date.

5. RENT

Tenant shall pay Landlord the Basic Rent stated in Section 1 and the Additional Rent set forth in Section 34 below during the Term hereof, All rent payable under this Lease, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis. Lessor shall file a Payment Voucher annually therefore, during the month of June, with the Auditor of the County of Los Angeles (the "County").

6. USES

The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

10

1 7. HOLDOVER

2
3 If Tenant remains in possession of the Premises or any part thereof after the
4 expiration of the Term of this Lease (provided with the express or implied consent
5 of Landlord), such occupancy shall be a tenancy on a month-to-month basis only,
6 subject to the terms, covenants and conditions of this Lease, but shall not be a
7 renewal hereof, and the Rent shall be at the rate then-payable under this Lease.
8 Either party may, during the holdover, cancel this Lease by giving the other party
9 not less than sixty (60) days prior written notice; provided, however, that in the
10 event the notice of the Tenant's intent to exercise an option to renew this Lease has
11 been given and when applicable, negotiations are proceeding in good faith to renew
12 the Lease, but have not been completed prior to the expiration of the then-current
13 holdover term, the tenancy shall be on a quarterly basis and this Lease may be
14 canceled by either party upon not less than ninety (90) days prior written notice to
15 the other party.
16

17
18 8. COMPLIANCE WITH THE LAW

19
20 Tenant shall, at Tenant's expense, comply promptly with all applicable statutes,
21 ordinances, rules, regulations, orders and requirements in effect during the Term
22 hereof, regulating the use, occupancy or improvement of the Premises by Tenant.
23 Landlord, not Tenant, shall, at all times cause the Building to comply with all
24 applicable statutes, ordinances, rules, regulations, orders and requirements in
25 effect and binding upon Tenant or Landlord during the Term hereof, including
26 without limitation, the Americans with Disabilities Act, except to the extent such
27 compliance is made necessary as a result of Tenant's particular use of or
28 alterations or improvements to the Premises.
29

30 9. DAMAGE OR DESTRUCTION

- 31
32 a. Damage. In the event any portion of the Premises is damaged by fire or
33 any other cause rendering the Premises totally or partially inaccessible or
34 unusable and the Premises may be restored to a complete architectural unit
35 of the same value, condition and character that existed immediately prior to
36 such casualty in less than two hundred seventy (270) days, then Landlord
37 shall promptly cause the repair of such damage and this Lease shall
38 continue in full force and effect. If all or any portion of the Premises shall be
39 made untenable by fire or other casualty, Landlord shall immediately
40 secure the area to prevent injury to persons and/or vandalism to the
41 improvements. Landlord shall promptly, but in any event within fifteen (15)
42 days, cause an architect or general contractor selected by Landlord to
43 provide Landlord and Tenant with a written estimate of the amount of time
44 required to substantially complete the repair and restoration of the Premises
45 and make the Premises tenantable again using standard working methods.
46 Basic Rent shall abate to the extent that the Premises are unusable by

1 Tenant. Tenant shall not be entitled to an abatement of Basic Rent when the
2 damage to the Premises is the result of negligence or intentional act of
3 Tenant's employees, invitees, contractors or agents. Tenant waives the
4 provisions of California Civil Code Sections 1932(2) and 1933(4) with
5 respect to any partial or total destruction of the Premises.
6

7 b. Tenant Termination Right. In the event any portion of the Premises is
8 damaged by fire or any other cause rendering the Premises totally or
9 partially (which shall mean at least 20% of the rentable area of the
10 Premises) inaccessible or unusable and the Premises will not be restored to
11 a complete architectural unit of the same value, condition and character that
12 existed immediately prior to such casualty in less than two hundred seventy
13 (270) days for any reason (as reasonably determined by Landlord), then
14 Tenant may terminate this Lease by giving written notice within ten (10)
15 days after notice from Landlord specifying such time period of repair; and
16 this Lease shall terminate and the Basic Rent shall be abated from the date
17 the Premises became untenable. Tenant shall not be entitled to a
18 termination right when the damage to the Premises is the result of
19 negligence or intentional act of Tenant's employees, invitees, contractors or
20 agents. In the event that Tenant does not elect to terminate this Lease,
21 Landlord shall promptly commence and diligently prosecute to completion
22 the repairs to the Building or Premises. Notwithstanding the foregoing,
23 Landlord's obligation to restore the Building or Premises, and the
24 improvements located within the Premises, if any, for which Landlord had
25 financial responsibility pursuant to the Work Letter, shall not require
26 Landlord to expend for such repair and restoration work more than the net
27 insurance proceeds actually received by the Landlord as a result of the
28 casualty plus the amount of any deductible, provided Landlord has kept the
29 insurance policies required under this Lease in full force and effect.
30

31 c. Damage In Last Year. Notwithstanding the foregoing provisions, if any
32 material destruction to the Premises occurs during the last year of the Term,
33 then either Landlord or Tenant may terminate this Lease by giving notice to
34 the other not more than thirty (30) days after such destruction, in which case
35 (i) Landlord shall have no obligation to restore the Premises, (ii) Landlord
36 may retain all insurance proceeds relating to such destruction, and (iii) this
37 Lease shall terminate as of the date which is thirty (30) days after such
38 written notice of termination.
39

40 d. Default By Landlord. If Landlord is required to repair and restore the
41 Premises as provided for in this Section and Landlord should fail to
42 thereafter pursue said repair and restoration work with reasonable diligence
43 to completion, Tenant may give Landlord fifteen (15) business days prior
44 written notice and thereafter perform or cause to be performed the
45 restoration work and deduct the cost thereof from the Basic Rent next due
46 as a charge against the Landlord. Tenant shall not be entitled to an

1 abatement of Basic Rent when the damage to the Premises is the result of
2 negligence or intentional act of Tenant's employees, invitees, contractors or
3 agents.
4

5 **10. REPAIRS AND MAINTENANCE**
6

7 a. Landlord Representations. Landlord represents to Tenant that, as of the
8 date of this Lease, (i) the Premises, the Building and all Common Areas
9 (including electrical, heating, ventilating and air conditioning ("HVAC"),
10 mechanical, plumbing, gas and fire/life safety systems in the Building and
11 similar building service systems) comply with all applicable current laws,
12 codes, and ordinances, including the Americans With Disabilities Act, and
13 are in reasonable good working order and condition; (ii) the Building and
14 Premises comply with all applicable covenants, conditions, restrictions and,
15 to Landlord's actual knowledge, underwriter's requirements; (iii) the
16 Premises, Building and Common Areas are free of the presence of any
17 Hazardous Materials (as hereinafter defined) in unlawful quantities; and (iv)
18 Landlord has not received any notice from any governmental agency that
19 the Building or the Premises are in violation of any applicable law or
20 regulation. Landlord represents, based upon its current actual knowledge or
21 a reasonable inspection of the Premises and the Building and the Asbestos
22 Report that the Premises and the Building contain no asbestos containing
23 materials (other than as may be reflected in the Asbestos Report). Landlord
24 shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and
25 expense, all asbestos containing materials to the extent required by law and
26 provide Tenant with an updated report from a licensed California Asbestos
27 contractor to that effect.
28

29 b. Landlord Obligations. Landlord shall keep and maintain in good repair and
30 working order and promptly make repairs to and perform maintenance upon
31 and replace as needed: (i) the structural elements of the Building, including,
32 without limitation, all permanent exterior and interior walls, floors and
33 ceilings, roof, concealed plumbing, stairways, concealed electrical systems
34 and telephone intra-building network cable; (ii) mechanical (including
35 HVAC), electrical, plumbing and fire/life safety systems serving the Building;
36 (iii) the Common Areas; (iv) exterior windows of the Building; and (v)
37 elevators serving the Building. Landlord, at its sole cost and expense, shall
38 also perform all maintenance and repairs to the Premises, and shall keep
39 the Premises in good condition and repair, reasonable wear and tear
40 excepted. Landlord's repair obligations include, without limitation, repairs
41 to: (A) the floor covering; (B) interior partitions; (C) doors; (D) the interior
42 side of demising walls; and (E) signage. Without limiting the foregoing,
43 Tenant shall, at Tenant's sole expense, be responsible for the cost of
44 repairing any area damaged by Tenant or Tenant's agents, employees,
45 invitees and visitors and the repair of low voltage electronic, phone and data
46 cabling and related equipment that is installed by or for the exclusive benefit

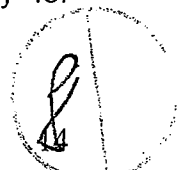
1 of Tenant. All repairs and replacements shall be at least equal in quality,
2 value and utility to the original work or installation, and be in accordance
3 with all laws. If the repair is due to the negligence or willful misconduct of
4 Tenant's agents, contractors, employees or invitees, then Tenant shall
5 reimburse Landlord for the actual cost of such repairs.
6

- 7 c. Tenant's Right to Repair. If Tenant provides written notice (or oral notice in
8 the event of an emergency such as damage or destruction to or of any
9 portion of the Building structure and/or the Building systems and/or anything
10 that could cause material disruption to Tenant's business) to Landlord of an
11 event or circumstance that requires the action of Landlord with respect to
12 repair and/or maintenance, and Landlord fails to provide such action within
13 a reasonable period of time, given the circumstances, after the giving of
14 such notice, but in any event not later than five (5) days after the giving of
15 such notice, then Tenant may proceed to take the required action (provided,
16 however, that no such notice shall be required in the event of an emergency
17 that threatens life or where there is imminent danger to property or a
18 possibility that a failure to take immediate action could cause a material
19 disruption in Tenant's normal and customary business activities). Tenant
20 shall have reasonable access to the Building to the extent necessary to
21 perform the work contemplated by this provision. If such action was
22 required under the terms of this Lease to have been taken by Landlord and
23 was not taken by Landlord within such period (unless such notice was not
24 required as provided above), and Tenant took such required action, then
25 Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's
26 reasonable costs and expenses in having taken such action. If not
27 reimbursed by Landlord within ten (10) days after Landlord's receipt of such
28 request and copies of paid invoices therefor, Tenant shall be entitled to
29 deduct from Basic Rent payable by Tenant under this Lease the amount set
30 forth in such invoice for such work. The remedies provided in this Section
31 are in addition to the remedies provided in Section 14.
32

33 11. SERVICES AND UTILITIES

34
35 Landlord shall furnish the following services and utilities to the Premises:
36

- 37 a. HVAC. Landlord shall furnish HVAC during Normal Working Hours in
38 amounts required for the use and occupancy of the Premises for normal office
39 purposes to a standard comparable to other first-class buildings and not less
40 than the standard set forth in Exhibit D attached hereto.
41
42 b. Electricity. Landlord shall furnish to the Premises such amount of electric
43 current provided for in the Working Drawings for power and lighting and
44 electric current for HVAC, and Landlord shall provide the existing or new
45 transformers or subpanels on each floor of the Premises necessary for
46 Tenant to utilize such capacity in the Premises.



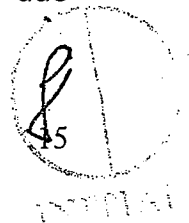
- 1
2 c. Elevators. Landlord shall furnish freight and passenger elevator services to
3 the Premises during Normal Working Hours. During all other hours, Landlord
4 shall furnish passenger elevator cab service in the elevator bank serving the
5 Premises on an as needed basis, and, by prior arrangement with Landlord's
6 building manager, freight elevator service.
7
8 d. Water. Landlord shall make available water for normal lavatory and potable
9 water meeting all applicable governmental standards for drinking purposes in
10 the Premises.
11
12 e. Janitorial. Landlord shall provide janitorial service on five (5) nights per week
13 generally consistent with that furnished in comparable office buildings in the
14 County of Los Angeles, but not less than the services set forth in the
15 specifications set forth in Exhibit E attached hereto.
16
17 f. Access. Landlord shall furnish to Tenant's employees and agents access to
18 the Building, Premises and Common Areas on a seven (7) day per week,
19 twenty-four (24) hour per day basis, subject to compliance with such
20 reasonable security measures as shall from time to time be in effect for the
21 Building.
22
23 g. Premises 1 Utilities. Notwithstanding anything to the contrary set forth in this
24 Lease, the portion of the Premises identified as Suite 102 and consisting of
25 approximately 8,325 rentable square feet shall be separately metered or
26 submetered to Tenant and Tenant shall pay for all utilities servicing Suite 102
27 directly to Landlord within forty-five (45) days after receipt of utility bills and
28 meter readings therefor.
29

30 12. LANDLORD ACCESS.

31
32 Tenant shall permit Landlord and its agents to enter the Premises upon prior
33 written notice for the purpose of inspecting the Premises for any reasonable
34 purpose. Landlord shall have the right at any and all times to enter the Premises in
35 the event of an emergency.
36

37 13. TENANT DEFAULT

- 38
39 a. Default. The occurrence of any one or more of the following events (a
40 "Default") shall constitute a material default and breach of this Lease by
41 Tenant:
42
43 i. the failure by Tenant to make any payment of Rent or any other
44 payment required to be made by Tenant hereunder (except to the
45 extent an offset is expressly permitted hereunder), as and when due



and if the failure continues for a period of ten (10) days after written notice to Tenant; or

ii. the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

b. Termination: Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

c. No Effect on Indemnity: Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT

a. Remedies: In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c), 19 and 20(b), which are not modified hereby, Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after receipt of written notice with respect thereto from Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30)-day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies: (i) to remedy such default or breach and deduct the costs thereof (including, but not limited to, attorneys' fees) from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; or (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due

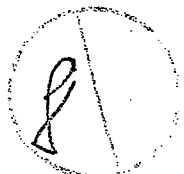
- 1 b. Waiver: Nothing herein contained shall relieve Landlord from its duty to effect
2 the repair, replacement, correction or maintenance required to restore any
3 affected services, or to perform any other obligations to the standard
4 prescribed in this Lease, nor shall this Section be construed to obligate
5 Tenant to undertake any such work.
6
7 c. Emergency: Notwithstanding the foregoing cure period, Tenant may cure any
8 Landlord Default without notice where the failure promptly to cure such
9 Landlord Default would, in the reasonable opinion of Tenant, create or allow
10 to persist an emergency condition or materially and adversely affect the
11 operation of Tenant's business in the Premises.
12

13 15. ASSIGNMENT AND SUBLETTING
14

15 Tenant, after obtaining Landlord's prior written consent, may assign this Lease or
16 sublet the whole or any part of the Premises so long as the intended use is in
17 compliance with the provisions and restrictions set forth in this Lease and upon the
18 condition that the assignee or subtenant expressly assumes and agrees in writing
19 to pay the Rent and to perform each and every covenant and agreement in this
20 Lease required by Tenant to be paid or performed. Tenant shall notify Landlord of
21 any change in tenancy. Landlord shall not unreasonably withhold its consent.
22 Consent shall be given or denied within thirty (30) days after Landlord's receipt of
23 Tenant's written request. Should Landlord fail to respond within such thirty (30)-
24 day period, Tenant's request shall be deemed approved. No assignment,
25 subletting or other transfer shall relieve Tenant of any liability under this Lease
26 unless Landlord has given its written consent thereto, which Landlord shall not
27 unreasonably withhold if the assignee has a financial condition that is reasonably
28 sufficient for it to be responsible for all future obligations under this Lease.
29

30 16. ALTERATIONS AND ADDITIONS
31

- 32 a. Landlord Consent. Tenant shall not make any structural alterations,
33 improvements, additions, or utility installations in or about the Premises
34 (collectively, "Alterations") without first obtaining the written consent of
35 Landlord, which consent shall not be unreasonably withheld, conditioned or
36 delayed. However, Landlord's consent shall not be required for any Alteration
37 that satisfies all of the following criteria: (i) complies with all Laws; (ii) is not
38 visible from the exterior of the Premises or Building; (iii) will not materially
39 affect the systems or structure of the Building; and (iv) does not unreasonably
40 interfere with the normal and customary business office operations of other
41 tenants in the Building. If Landlord fails to respond in writing within thirty (30)
42 days of such request, Landlord shall be deemed to have approved the
43 Alterations.
44



- 1 b. End of Term. Any Alterations not removed by Tenant shall become the
2 property of Landlord and remain upon and be surrendered with the Premises
3 at the expiration of the Term.
4

5
6 17. CONDEMNATION
7

- 8 a. Controlling Terms. If during the Term, or during the period of time between
9 the execution of this Lease and the Commencement Date, there is any
10 taking of all or any part of the Premises or any interest in this Lease by
11 Condemnation (as defined below), this Section shall determine the rights and
12 obligations of Tenant and Landlord. "Condemnation" shall mean the
13 exercise of any governmental power to take title to any portion of the
14 Premises, whether by legal proceedings or otherwise, by a Condemnor (as
15 defined below) or a voluntary sale or transfer by Landlord to any Condemnor,
16 either under threat of a Condemnor's exercise of such power or while legal
17 proceedings are pending for the exercise of such power. "Condemnor" shall
18 mean any public or quasi-public authority, or private corporation or individual,
19 having the power of Condemnation.
20
21 b. Total Taking. If the Premises are totally taken by Condemnation, this Lease
22 shall terminate on the date the Condemnor has a right to possession of the
23 Premises (the "Date of Taking").
24
25 c. Partial Taking. If any portion, but not all, of the Premises is taken by
26 Condemnation, this Lease shall remain in effect, except that Tenant may
27 elect to terminate this Lease if, in Tenant's reasonable judgment, the
28 remaining portion of the Premises (including the space available for parking)
29 is rendered unsuitable for Tenant's continued use of the Premises. If Tenant
30 elects to so terminate this Lease, Tenant must exercise its right to terminate
31 by giving notice to Landlord within thirty (30) days after the date that the
32 nature and the extent of the Condemnation have been determined (the
33 "Determination Date"), which notice shall set forth the date of termination.
34 Such termination date shall not be earlier than thirty (30) days nor later than
35 ninety (90) days after Tenant has notified Landlord of its election to
36 terminate; except that this Lease shall terminate on the Date of Taking if the
37 Date of Taking falls on a date before the date of termination as designated
38 by Tenant. If Tenant does not so notify Landlord within thirty (30) days after
39 the Determination Date, all obligations of Tenant under this Lease shall
40 remain in effect, except that Basic Rent shall be equitably abated.
41
42 d. Restoration. Notwithstanding the preceding paragraph, if, within thirty (30)
43 days after the Determination Date, Landlord notifies Tenant that Landlord at
44 its cost will add to the remaining Premises so that the area of the Premises
45 and the space available for parking, will be substantially the same after the
46 Date of Taking as they were before the Date of Taking, and Landlord

commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration

e. The Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

f. Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION

a. Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

b. Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE

a. Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

1 i. Commercial property insurance, which shall (A) cover damage to
2 Landlord's property, including improvements and betterments, from perils
3 covered by the causes-of-loss special form (ISO form CP 10 30), and
4 include ordinance or law coverage (and coverage against acts of terrorism
5 to the extent such coverage is reasonably available and priced at
6 commercially reasonable rates) and (B) be written for full replacement cost
7 of the property, with a deductible of no greater than 5% of the property
8 value. Insurance proceeds shall be payable to Landlord and Tenant as
9 their interests may appear and be utilized for repair and restoration of the
10 Premises.

11 ii. Commercial general liability insurance (written on ISO policy form CG 00
12 01 or its equivalent) with limits of not less than the following:
13 A) per occurrence and general aggregate amount of \$5,000,000;
14 (B) products/completed operations aggregate of \$2,000,000; and
15 (C) personal and advertising injury of \$1,000,000.

16 iii. Failure by Landlord to maintain the insurance required by this Section and
17 deliver evidence thereof as required by this Lease or to use any insurance
18 proceeds to timely repair and restore the Premises shall constitute a
19 material breach of this Lease after thirty (30) days written notice.
20

21 b. Insurance Requirements. All insurance policies required to be maintained by
22 Landlord under this Lease shall be issued by insurance companies which
23 have a Best's Rating of "AVII" or better and which are qualified to do business
24 in the State of California. All liability and property damage and other casualty
25 policies of Tenant shall be written as primary policies, not contributing with,
26 and not in excess of coverage which Landlord may carry.
27

28 c. Certificates. Landlord shall deliver to Tenant on the Commencement Date of
29 this Lease and thereafter prior to expiration of any insurance required to be
30 carried hereunder, certificates of insurance evidencing this coverage with
31 limits not less than those specified above. Certificates must document that
32 each party has named the other as an additional insured (or its equivalent) on
33 its general liability and property insurance policy, and that Tenant has been
34 named a loss payee on Landlord's commercial property insurance policy, as
35 required. Further, all certificates shall expressly provide that no less than
36 thirty (30) days' prior written notice shall be given to Tenant in the event of
37 material change to, expiration or cancellation of the coverages or policies
38 evidenced by the certificates.
39

40 d. Waiver of Subrogation. Landlord and Tenant each hereby waive their rights
41 of subrogation against one another to the extent it is covered by the property
42 insurance policies required to be carried hereunder. Landlord shall cause its
43 insurance carriers to consent to the foregoing waiver of rights of subrogation
44 against Tenant.

20

1
2 20. PARKING.
3

- 4 a. Tenant's Rights. Tenant shall have the right to the number of parking stalls
5 set forth in Section 1 for the Term of this Lease. Tenant shall be entitled to
6 full in/out privileges. Tenant's parking rights shall be subject to reasonable
7 parking rules and regulations adopted by Landlord from time to time, provided
8 that such procedures shall be uniformly applied to all tenants. Tenant
9 acknowledges that all other parking spaces are not for the exclusive use of
10 Tenant, rather, all such parking spaces are to be used on a non-exclusive,
11 first-come, first-served basis by Tenant and other tenants, occupants,
12 licensees, invitees and permittees of the Building.
13
- 14 b. Remedies. Landlord acknowledges that it is a material term of this Lease that
15 Tenant receive all of the Parking Spaces to which it is entitled under this
16 Lease for the entire Term of this Lease and that it would be impracticable and
17 extremely difficult to fix the actual damages for a breach of such provisions. It
18 is therefore agreed that if, for any reason whatsoever, thirty (30) of the
19 Parking Spaces required above are not available to Tenant, (in addition to the
20 rights given to Tenant under Section 14 and Sections 9 and 17 in the event of
21 casualty or condemnation), Tenant may (i) terminate this Lease by giving
22 written notice of such termination to Landlord, which notice shall be effective
23 thirty (30) days thereafter or (ii) deduct from the Basic Rent hereunder an
24 amount each month equal to \$75.00 per parking space not so provided.
25 Tenant and its invitees shall not use more parking privileges than its allotment
26 and shall not use any parking spaces and/or parking area specifically
27 allocated by Landlord to other tenants of the project or for such other uses as
28 visitor parking. Tenant shall not permit or allow any vehicles that belong to or
29 are controlled by Tenant or Tenant's employees, customers or invitees to be
30 loaded, unloaded or parked in areas other than the Tenant's designated
31 parking areas.
32

33 21. ENVIRONMENTAL MATTERS
34

- 35 a. Hazardous Materials. Tenant shall not cause nor permit, nor allow any of
36 Tenant's employees, agents, customers, visitors, invitees, licensees,
37 contractors, assignees or subtenants to cause or permit any Hazardous
38 Materials to be brought upon, stored, manufactured, generated, blended,
39 handled, recycled, treated, disposed or used on, under or about the
40 Premises, the Building or the Common Areas, except for routine office and
41 janitorial supplies in usual and customary quantities stored, used and
42 disposed of in accordance with all applicable Environmental Laws. As used
43 herein, "Hazardous Materials" means any chemical, substance, material,
44 controlled substance, object, condition, waste, living organism or combination
45 thereof, whether solid, semi solid, liquid or gaseous, which is or may be
46 hazardous to human health or safety or to the environment due to its

1 radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity,
2 carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or
3 potentially harmful properties or effects, including, without limitation, molds,
4 toxic levels of bacteria, tobacco smoke within the Premises, petroleum and
5 petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs),
6 refrigerants (including those substances defined in the Environmental
7 Protection Agency's "Refrigerant Recycling Rule," as amended from time to
8 time) and all of those chemicals, substances, materials, controlled
9 substances, objects, conditions, wastes, living organisms or combinations
10 thereof which are now or become in the future listed, defined or regulated in
11 any manner by any Environmental Law based upon, directly or indirectly,
12 such properties or effects. As used herein, "Environmental Laws" means any
13 and all federal, state or local environmental, health and/or safety-related laws,
14 regulations, standards, decisions of courts, ordinances, rules, codes, orders,
15 decrees, directives, guidelines, permits or permit conditions, currently existing
16 and as amended, enacted, issued or adopted in the future which are or
17 become applicable to Tenant, the Premises, the Building or the Common
18 Areas.

19
20 b. Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel
21 acceptable to Tenant) and hold harmless Tenant from and against any and all
22 claims, judgments, causes of action, damage, penalties, fine, taxes, costs,
23 liabilities, losses and expenses arising at any time during or after the Term as
24 a result (directly or indirectly) of or in connection with the presence of
25 Hazardous Materials on, under or about the Premises, Building or Common
26 Areas or other violation of laws relating to Hazardous Materials other than
27 caused by Tenant. This indemnity shall include, without limitation, the cost of
28 any required or necessary repair, cleanup or detoxification, and the
29 preparation and implementation of any closure, monitoring or other required
30 plans, as such action is required by local or state laws or any governmental
31 agency. Landlord shall promptly deliver to Tenant a copy of any notice
32 received from any governmental agency during the Term of this Lease
33 concerning the presence of Hazardous Materials in the Building or the
34 Premises. Landlord's obligations pursuant to the foregoing indemnity shall
35 survive the expiration or termination of this Lease. A default by Landlord
36 under this Section shall constitute a material default under this Lease.

37
38 c. Tenant Indemnity. Tenant shall indemnify, protect, defend (by counsel
39 acceptable to Landlord) and hold harmless Landlord from and against any
40 and all claims, judgments, causes of action, damage, penalties, fine, taxes,
41 costs, liabilities, losses and expenses arising at any time during or after the
42 Term as a result (directly or indirectly) of or in connection with the presence of
43 Hazardous Materials on, under or about the Premises, Building or Common
44 Areas or other violation of laws relating to Hazardous Materials caused by
45 Tenant, its agents, contractors, employees or invitees. This indemnity shall
46 include, without limitation, the cost of any required or necessary repair,

1 cleanup or detoxification, and the preparation and implementation of any
2 closure, monitoring or other required plans, as such action is required by local
3 or state laws or any governmental agency. Tenant shall promptly deliver to
4 Landlord a copy of any notice received from any governmental agency during
5 the Term of this Lease concerning the presence of Hazardous Materials in the
6 Building or the Premises. Tenant's obligations pursuant to the foregoing
7 indemnity shall survive the expiration or termination of this Lease. A default
8 by Tenant under this Section shall constitute a material default under this
9 Lease.

10
11 22. ESTOPPEL CERTIFICATES.
12

13 Tenant shall, within thirty (30) days after written request of Landlord, execute,
14 acknowledge and deliver to Landlord or its designee a written statement in the
15 form of Document II in the Supplemental Lease Documents delivered to Landlord
16 concurrently herewith (properly completed) or such other commercially reasonable
17 form: (a) certifying that this Lease is unmodified and in full force and effect (or, if
18 modified, stating the nature of such modification and certifying that this Lease, as
19 so modified, is in full force and effect) and the date to which the rent and other
20 charges are paid in advance, if any, and (b) acknowledging that there are not, to
21 Tenant's knowledge, any uncured defaults on the part of either party hereunder, or
22 specifying such defaults, if any are claimed. It is intended that any such statement
23 delivered pursuant to this Section may be relied upon by a prospective purchaser
24 of Landlord's interest or holder of any mortgage upon Landlord's interest in the
25 Premises.

26
27 23. TENANT IMPROVEMENTS.
28

29 Prior to the Commencement Date, Landlord shall construct the Tenant
30 Improvements in the manner set forth in the Landlord's Work Letter executed by
31 Landlord and Tenant concurrently herewith.

32
33 24. LIENS.
34

35 Tenant shall keep its interest in this Lease and the Premises free from any liens
36 arising out of any work performed or materials ordered or obligations incurred by
37 Tenant. Landlord shall keep its interest in this Lease and the Premises free from
38 any liens which would impair the interest of Tenant hereunder and hereby
39 indemnifies and holds Tenant harmless from any liability or loss from any such lien,
40 except to the extent attributable to the acts or omissions of Tenant.

41
42 25. SUBORDINATION AND MORTGAGES.
43

- 44 a. Subordination and Non-Disturbance. Tenant's obligation to subordinate this
45 Lease is expressly conditioned upon Tenant receiving a written agreement in
46 the form of Document I in the Supplemental Lease Documents delivered to

1 Landlord concurrently herewith (or such other commercially reasonable form
2 acceptable to Tenant, Landlord and Lender's lender), and provided further
3 that no such subordination shall affect any option to extend the Term of this
4 Lease, right of first offer to lease additional premises, option to purchase or
5 right of first offer to purchase the Property which may be included herein. If
6 any ground lease or underlying lease terminates for any reason, or any
7 mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure
8 is made for any reason, this Lease shall nevertheless remain in full force and
9 effect and Tenant at all times shall be entitled to quiet possession and use of
10 the Premises (so long as Tenant is not in default) and shall, notwithstanding
11 any subordination and upon the request of such successor-in-interest to
12 Landlord, attorn to and become the Tenant of the successor-in-interest to
13 Landlord.

- 14
- 15 b. Existing Deeds of Trust. The beneficiary under any existing deed of trust
16 affecting the Building shall provide a written agreement to Tenant in the form
17 of Document III in the Supplemental Lease Documents delivered to Landlord
18 concurrently herewith (or such other commercially reasonable form
19 acceptable to Tenant, Landlord and Lender's lender) within thirty (30) days
20 after the execution of this Lease.
- 21
- 22 c. Request for Notice. Landlord acknowledges that Tenant intends to record a
23 Request for Notice with respect to any mortgages or deeds of trust affecting
24 the Property in the form of Document V in the Supplemental Lease
25 Documents delivered to Landlord concurrently herewith.
- 26
- 27 d. Notice of Default. If any mortgagee or beneficiary under a deed of trust
28 affecting the Property gives written notice of its name and address to Tenant
29 by registered mail requesting any such notice with reference to this Section,
30 Tenant shall give such mortgagee a copy of any notice of default served upon
31 Landlord hereunder which could permit Tenant to terminate this Lease and an
32 additional thirty (30) days within which to cure such default.
- 33

34 26. SURRENDER OF POSSESSION.

35

36 Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of
37 time or otherwise, Tenant shall promptly and peacefully surrender the Premises to
38 Landlord in a "broom-clean" condition. Tenant shall remove, at its own expense,
39 all fixtures, equipment and, all other personal property placed or installed in or
40 upon the Premises by Tenant, or under its authority (including any modular
41 furniture).

42

43 27. SIGNAGE.

44

45 Subject to Landlord's prior written consent, not to be unreasonably withheld,
46 delayed or conditioned, Tenant shall be permitted to install at the Premises

1 reasonably appropriate signs that conform with any and all applicable laws and
2 ordinances.

3
4 28. QUIET ENJOYMENT.

5
6 So long as Tenant is not in default hereunder, Tenant shall have the right to the
7 quiet and peaceful enjoyment and possession of the Premises and quiet and
8 peaceful enjoyment of the Common Areas during the Term of this Lease, subject
9 to the terms and conditions of this Lease.

10
11 29. GENERAL.

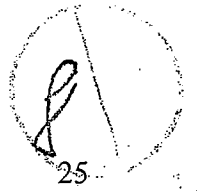
12
13 a. Headings. Titles to Sections of this Lease are not a part of this Lease and
14 shall have no effect upon the construction or interpretation of any part hereof.

15
16 b. Successors and Assigns. Subject to restriction on assignment and subletting
17 set forth in Section 15 above, and Section 31(c) below, all of the covenants,
18 agreements, terms and conditions contained in this Lease shall inure to and
19 be binding upon the Landlord and Tenant and their respective successors
20 and assigns

21
22 c. Brokers. Landlord and Tenant each represent and warrant to each other that
23 it has not engaged any broker, finder or other person who would be entitled to
24 any commission or fees in respect of the negotiation, execution or delivery of
25 this Lease other than CBRE, acting as Landlord's agent (whose commission
26 Landlord shall pay and memorialize in the Memorandum of Commencement
27 and shall indemnify and hold harmless each other against any loss, cost,
28 liability or expense incurred by the other party as a result of any claim
29 asserted by any such broker, finder or other person on the basis of any
30 arrangements or agreements made or alleged to have been made in variance
31 with this representation.

32
33 d. Entire Agreement. This Lease (and the Landlord's Work Letter and
34 Supplemental Lease Documents) is the final and complete expression of
35 Landlord and Tenant relating in any manner to the leasing, use and
36 occupancy of the Premises, to Tenant's use of the Building and other matters
37 set forth in this Lease. No prior agreements or understanding pertaining to
38 the same shall be valid or of any force or effect and the covenants and
39 agreements of this Lease shall not be altered, modified or added to except in
40 writing signed by both Landlord and Tenant.

41
42 e. Severability. Any provision of this Lease which shall prove to be invalid, void
43 or illegal shall in no way affect, impair or invalidate any other provision hereof
44 and the remaining provisions hereof shall nevertheless remain in full force
45 and effect.

46


- 1 f. Notices. All notices and communications to any party hereunder shall be in
2 writing and shall be deemed properly given if delivered personally, sent by
3 registered or certified mail, postage prepaid, or by a recognized overnight
4 commercial messenger providing proof of delivery, or by facsimile
5 (electronically confirmed) to Landlord's Address for Notice and Tenant's
6 Address for Notice as set forth in Section 1. Any notice so given shall be
7 deemed to have been given as of the date of delivery (whether accepted or
8 refused) established by U.S. Post Office return receipt or the overnight
9 carrier's proof of delivery, or fax delivery verification as the case may be. Any
10 such notice not so given shall be deemed given upon receipt of the same by
11 the party to whom the same is to be given.
12
- 13 g. Governing Law and Forum. This Lease shall be governed by and construed
14 in accordance with the internal laws of the State of California. Any litigation
15 with respect to this Lease shall be conducted in the County of Los Angeles,
16 State of California.
17
- 18 h. Waivers. No waiver by Landlord or Tenant of any provision hereof shall be
19 deemed a waiver of any other provision hereof or of any subsequent breach
20 by Landlord or Tenant of the same or any other provision Landlord's or
21 Tenant's consent to or approval of any act shall not be deemed to render
22 unnecessary the obtaining of Landlord's or Tenant's consent to or approval of
23 any subsequent act by Landlord or Tenant.
24
- 25 i. Time of Essence. Time is of the essence for the performance of all of the
26 obligations specified hereunder.
27
- 28 j. Consent. Whenever any consent is required by Landlord or Tenant
29 hereunder, such consent shall not be unreasonably withheld, conditioned or
30 delayed and, unless otherwise specifically provided herein, shall be deemed
31 granted if not refused within thirty (30) days after written request is made
32 therefor, together with all necessary information.
33
- 34 k. Community Business Enterprises. Landlord shall complete and deliver to
35 Tenant concurrently with the execution hereof a Community Business
36 Enterprises form set forth as Document IV in the Supplemental Lease
37 Documents delivered to Landlord concurrently herewith.
38
- 39 l. Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall
40 execute and acknowledge a Memorandum of Lease in the form of Document
41 V in the Supplemental Lease Documents delivered to Landlord concurrently
42 herewith, which Memorandum may be recorded by Tenant, at Tenant's sole
43 cost and expense, in the Official Records of Los Angeles County.
44
- 45 m. Force Majeure. In the event that either party is delayed or hindered from the
46 performance of any act required hereunder by reason of strikes, lock-outs

1 labor troubles, inability to procure materials not related to the price thereof,
2 failure of power, restrictive governmental laws and regulations, riots,
3 insurrection, war or other reasons of a like nature beyond the reasonable
4 control of such party (except for Tenant's obligation to pay Rent hereunder
5 except to the extent otherwise expressly abated as set forth in this Lease),
6 then performance of such acts shall be excused for the period of the delay,
7 and the period for the performance of any such act shall be extended for a
8 period equivalent to the period of such delay. This subsection 29(l) does not
9 apply to the performance, acts, omissions or obligations of Landlord and/or
10 Tenant under the Landlord's Work Letter and the Force Majeure provision in
11 the Landlord's Work Letter shall preempt this subsection regarding all matters
12 contained in the Landlord's Work Letter and shall preempt this section (m)
13 regarding any Base Building Improvements or furniture.

- 14
- 15 n. Cumulative Remedies. No remedy or election hereunder shall be deemed
16 exclusive but shall wherever possible be cumulative with all other remedies at
17 law or in equity.
- 18
- 19 o. Limitation on Landlord's Liability. Notwithstanding anything in this Lease to
20 the contrary, any remedy of Tenant for the collection of a judgment (or other
21 judicial process) requiring payment of money by Landlord in the event of any
22 default by Landlord hereunder or any claim, cause of action, obligation
23 whether contractual, statutory or otherwise by Tenant for money judgment
24 against Landlord arising out of or relating to any matter relating to this Lease
25 and all of the covenants and conditions or any obligation, contractual,
26 statutory or otherwise set forth herein, shall be limited solely and exclusively
27 to an amount equal to a maximum liability equal to \$1,000,000 Tenant
28 further understands that any liability, duty or obligation of Landlord to Tenant
29 that accrues or arises after the date Landlord no longer has any right, title or
30 interest in or to the Building shall automatically cease and terminate as of
31 such transfer date.

32

33 30. AUTHORITY

34

35 Only the Board of Supervisors has the authority, by formally approving and/or
36 executing this Lease, to bind the County to the terms included herein. Each
37 individual executing this Lease on behalf of Tenant represents and warrants that
38 he or she is duly authorized to execute and deliver this Lease on behalf of Tenant,
39 and that this Lease is binding upon Tenant in accordance with its terms. Landlord
40 understands that no material terms of this Lease may be altered or deleted, nor
41 may any new material terms be added to this Lease, without the express written
42 approval of the Board of Supervisors, either through an amendment to the Lease
43 or by other formal board action. No County officer, employee, agent or
44 independent contractor has any authority to alter, add or delete the material terms
45 of this Lease and Landlord may not rely upon any representations to the contrary.
46 This limitation of authority applies to all material terms of the Lease including,

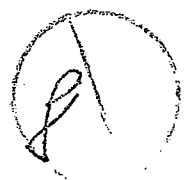
1 without limitation, any monetary ceiling established for Tenant Improvements or
2 other project costs of Landlord which are subject to reimbursement by County.
3 County shall not reimburse Landlord for any expenses which exceed this ceiling.
4 Notwithstanding the foregoing, the Chief Administrative Officer of the County or its
5 delegate (the "Chief Administrative Officer") may take any administrative act on
6 behalf of Tenant hereunder which does not have the effect of increasing Basic
7 Rent or other financial obligations of Tenant under this Lease, including, without
8 limitation, granting any approvals, terminating this Lease in the manner provided
9 herein by an Early Termination Notice or otherwise, signing estoppel certificates,
10 signing the Commencement Date Memorandum and Confirmation of Lease Terms
11 or subordinating this Lease. Each individual executing this Lease on behalf of
12 Landlord represents and warrants that he or she is duly authorized to execute and
13 deliver this Lease on behalf of Landlord, and that this Lease is binding upon
14 Landlord in accordance with its terms.
15

16 31. ACKNOWLEDGEMENT BY LANDLORD.
17

18 Landlord acknowledges that it is aware of the following provisions:
19

- 20 a. Consideration of GAIN Program Participants. Should Landlord require
21 additional or replacement personnel after the effective date of this Lease,
22 Landlord shall give consideration for any such employment, openings to
23 participants in the County Department of Public Social Services' Greater
24 Avenues for Independence ("GAIN") Program who meet Landlord's minimum
25 qualifications for the open position. The County will refer GAIN participants
26 by job category to Landlord.
27
- 28 b. Solicitation of Consideration. It is improper for any County officer, employee
29 or agent to solicit consideration in any form from a landlord with the
30 implication, suggestion or statement that the landlord's provision of the
31 consideration may secure more favorable treatment for the landlord in the
32 award of the Lease or that the landlord's failure to provide such consideration
33 may negatively affect the County's consideration of the landlord's offer to
34 lease. A landlord shall not offer or give, either directly or through an
35 intermediary, consideration in any form to a County officer, employee or agent
36 for the purpose of securing favorable treatment with respect to the award of
37 the Lease.
38

39 Landlord shall immediately report any attempt by a County officer, employee
40 or agent to solicit such improper consideration. The report shall be made
41 either to the County manager charged with the supervision of the employee or
42 to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914
43 or (800) 544-6861. Failure to report such solicitation may result in the
44 landlord's submission being eliminated from consideration.
45
46



1 c. Landlord Assignment.

- 2
- 3 i. Landlord may assign, transfer, mortgage, hypothecate or encumber
- 4 Landlord's right, title and interest in and to this Lease or any portion
- 5 thereof (including the right to receive rental payments but excluding its
- 6 duties and obligations hereunder), and Landlord may execute any and all
- 7 instruments providing for the payment of Rent directly to an assignee or
- 8 transferee, but only if the conditions set forth in this Section are met.
- 9
- 10 ii. Any document or agreement purporting to assign, transfer, mortgage,
- 11 hypothecate or encumber Landlord's right, title and interest in and to this
- 12 Lease or any portion thereof, is hereinafter referred to as a "Security
- 13 Agreement." Any Security Agreement which is executed without full
- 14 compliance with the requirements of this Section shall be void.
- 15
- 16 iii. Each assignee or transferee under the Security Agreement shall certify
- 17 and agree in writing that such assignee or transferee has read and is
- 18 familiar with the requirements of Sections 5950-5955 of the California
- 19 Government Code, which prohibits the offer or sale of any security
- 20 constituting a fractional interest in this Lease or any portion thereof,
- 21 without the prior written consent of the County
- 22
- 23 iv. Violation by Landlord of the provisions of Section 5951 of the California
- 24 Government Code will constitute a material breach of this Lease, upon
- 25 which the County may impose damages in an amount equal to the greater
- 26 of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental
- 27 payments payable by the County during the entire Term of this Lease, it
- 28 being expressly agreed that the aforesaid amount shall be imposed as
- 29 liquidated damages, and not as a forfeiture or penalty. It is further
- 30 specifically agreed that the aforesaid amount is presumed to be the
- 31 amount of damages sustained by reason of any such violation, because
- 32 from the circumstances and nature of the violation it would be
- 33 impracticable and extremely difficult to fix actual damages. In addition, the
- 34 County may exercise or pursue any other right or remedy it may have
- 35 under this Lease or applicable law.
- 36
- 37 v. Landlord shall give the County notice and a copy of each Security
- 38 Agreement and any other instrument relating thereto (including, but not
- 39 limited to, instruments providing for the payment of Rent directly to an
- 40 assignee or transferee) at least two weeks prior to the effective date
- 41 thereof
- 42
- 43 vi. Landlord shall not furnish any information concerning County or the
- 44 subject matter of this Lease (including, but not limited to, offering
- 45 memoranda, financial statements, economic and demographic
- 46 information, and legal opinions rendered by the office of counsel for the

29
INITIAL

County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

- vii. The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

33. RENT ADJUSTMENT.

- a. Annual Adjustment. For each successive twelve (12) months of the Term of this Lease ("Lease Year"), the Basic Rent shall be subject to adjustment. On the first anniversary date of the first full calendar month following the Commencement Date, and every twelve (12) months thereafter, the Basic Rent shall be adjusted in accordance with the CPI formula set forth in Section 33(b). The "Base Index" shall be the index published in the month the Term commences.
- b. CPI Formula. The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100) herein referred to as the "Index".

The rental adjustment for the Basic Rent shall be calculated by multiplying the original Basic Rent by a fraction, the numerator being the New Index, which is the index published in the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index.

The formula shall be as follows



1 New Index

2 Base Index x (1.23 x rentable square footage of Premises = New Monthly
3 Basic Rent
4

5 If the Index is changed so that the base year of the Index differs from that
6 used as of the Commencement Date, the Index shall be converted in
7 accordance with the conversion factor published by the United States
8 Department of Labor, Bureau of Labor Statistics. If the Index is discontinued
9 or revised during the Term, such other governmental Index or computation
10 with which it is replaced shall be used in order to obtain substitute index (if the
11 original index is discontinued without a replacement), then upon demand by
12 either party, the matter shall be submitted to arbitration for the purpose of
13 determining an alternate method of computing the rental adjustment based
14 upon the increase in the cost of living.
15

- 16 c. General Provisions. In no event shall the Basic Rent adjustment based upon
17 the CPI formula set forth in Section 33(b) result in an annual increase greater
18 than five percent (5%) nor less than two and one-half percent (2.5%) of the
19 Basic Rent immediately prior to the adjustment.
20

21 34. OPERATING EXPENSE RENT ADJUSTMENT.
22

23 In addition to the Basic Rent, Tenant shall pay Landlord, concurrently with its
24 payment of Basic Rent, Tenant's proportionate share, which is based on the
25 rentable square feet of the Building in relation to the total rentable square feet in
26 the Building (the "Proportionate Share") of additional rent ("Additional Rent") for the
27 operating expenses ("Operating Expenses") associated with Landlord's ownership,
28 maintenance, operation and management of the Building. For each Lease Year,
29 the Operating Expenses shall be subject to adjustment. Prior to the first
30 anniversary of the Commencement Date and each anniversary thereafter,
31 Landlord shall provide Tenant with a budget of Operating Expenses due under this
32 Lease for the ensuing twelve (12) months which total budgeted amount shall not
33 exceed one hundred and fifteen percent (115%) of the amount of the actual
34 Operating Expense incurred by Landlord in the prior Lease Year. The Tenant's
35 Estimated Prorata Share of the Operating Expenses for the first year of the Term
36 are estimated at \$ 308,700 annually.
37

- 38 a. Operating Expenses. Landlord's Operating Expenses shall include, without
39 limitation, all reasonable and necessary costs of any kind paid or incurred by
40 Landlord in the operation, servicing, repair, maintenance (in neat, clean, safe,
41 good order and condition) but not replacement of the basic structure of the
42 Building, including, without limitation, the costs incurred by Landlord in
43 connection with its repair obligations set forth in Section 10. These costs
44 shall include the following:
45

- 1 i. Maintenance and repair, and replacement of the Building finishes,
2 including, but not limited to, painting walls and replacing floor coverings
3 and Building finishes.
4
- 5 ii. Maintenance, repair, and replacement of the HVAC, plumbing, and
6 electrical systems; life-safety equipment; telecommunication and other
7 equipment (collectively, the "Building Components") used in common by
8 or for the benefit of occupants of the Building; elevators, tenant directories,
9 fire detection systems, including sprinkler system maintenance and repair.
10 In the event of replacement of any Building Component, the cost of such
11 replacement that is to be charged to Tenant shall be reduced by any
12 reserves for replacement attributable to that particular Building
13 Component that have been previously passed through as part of the
14 Estimated O/E Cost and further reduced by a percentage based upon the
15 age of the Building Component being replaced compared to the number of
16 years the Building Component has been in service prior to the
17 Commencement Date. For example, if an HVAC unit is replaced in year
18 six of this Lease and such HVAC unit had been in service for four years
19 prior to the Commencement Date, then Tenant shall be responsible for its
20 Proportionate Share of 6/10th of the replacement cost.
21
- 22 iii. Trash disposal, janitorial and security services.
23
- 24 iv. The cost of the premiums for liability and property insurance policies to be
25 maintained by Landlord pursuant to Section 19 of this Lease.
26
- 27 v. The cost of property taxes and other assessments levied pursuant to
28 recorded documents.
29
- 30 vi. The cost of utilities, including water/sewer charges, gas, electricity, and
31 other publicly-mandated services to the Building. The utility costs shall be
32 adjusted to reflect any payments received by Landlord or public utility from
33 any tenant within the Building for after-hours usage or any utility usage as
34 required by the tenant's lease.
35
- 36 vii. Management fees or administrative fees ("Fees") so long as they are
37 competitive and customary with buildings in the same or similar
38 geographical location of the Building and shall not exceed in the
39 aggregate a competitive and customary management fee charged by an
40 independent management company to manage the operations of the
41 Building in its entirety. However, in no event may the Fees exceed 2.25%
42 of the annual Basic Rent.
43
- 44 viii. Maintenance, repair, and replacement of the basic structure, subject to
45 offset for the insurance or other proceeds actually received.
46

- 1 ix. Exterior maintenance of the Premises, including parking areas and
2 landscaping.
3
- 4 b. Exclusions from Operating Expenses. Landlord's Operating Expenses shall
5 not include, without limitation, the following costs:
6
- 7 i. Depreciation of the Building or equipment therein.
8
- 9 ii. Landlord's executive salaries.
10
- 11 iii. Brokers' leasing commissions and advertising expenses incurred in
12 connection with the development or leasing of the Building or future
13 leasing of the Building.
14
- 15 iv. Legal and consulting fees and other costs incurred in connection with
16 negotiations or disputes with present or prospective tenants or other
17 occupants of the Building
18
- 19 v. Expenses in connection with services or other benefits that are not offered
20 to Tenant but are offered to other tenants or for which Tenant is charged
21 for directly but that are not provided to other tenants or occupants of the
22 Building.
23
- 24 vi. The cost of any capital improvements made to the project or to the
25 common areas by Landlord except those improvements that directly result
26 in cost savings to Tenant.
27
- 28 vii. Audit and verification fees charged by outside entities.
29
- 30 viii. Any bad debt loss, rent loss or reserves for bad debts or rent loss.
31
- 32 ix. The rental and other related expenses incurred in leasing air conditioning
33 systems, elevators or other equipment ordinarily considered to be of a
34 capital nature, except equipment not affixed to the Building that is used in
35 providing janitorial or similar services.
36
- 37 x. Costs, including permits, license and inspection costs, incurred with
38 respect to the installation of tenant improvements made for tenants in the
39 Building or incurred in renovating or otherwise improving, decorating,
40 painting or redecorating vacant space for tenants or other occupants of
41 tenants within the Building.
42
- 43 xi. Capital expenditures required by Landlord's failure to comply or by
44 Landlord's necessity to comply with laws or building codes enacted on or
45 before the date of Tenant's occupancy of the Premises.
46



- 1 xii. Interest points and fees on debt or amortization on any mortgage or
2 mortgages encumbering the Building or the project.
3
4 xiii. Any other expenses that in accordance with generally accepted
5 accounting principles, consistently applied, would not normally be treated
6 as an operating expense by landlords of comparable buildings.
7
8 xiv. Fees relating to any ground leases.
9
10 xv. Any and all of Landlord's expenses relating to any parking facility or
11 facilities on or about the project or comprising a part of the Building except
12 to and only to the extent that such expenses exceed the revenues
13 associated with such facilities, or the revenues that would be associated
14 with such facilities if such facilities were operated so as to reasonably
15 maximize such revenues, whichever revenue amount is greater.
16
17 xvi. The costs associated with the remediation or mitigation of Hazardous
18 Materials as defined in this Lease, except to the extent introduced by
19 Tenant or its agents, contractors, employees or invitees.
20
21 xvii. The costs in excess of any profits derived by Landlord associated with
22 retaining a parking vendor to operate the parking lot that is utilized by
23 Tenant's employees.
24
25 xviii. Costs for which Landlord has a right of reimbursement from others.
26
27

28 Notwithstanding anything to the contrary set forth in this Lease, Tenant's Proportionate
29 Share of the increase in Controllable Operating Expenses (as hereinafter defined) for
30 each Lease Year shall not be greater than 105% of Tenant's Proportionate Share of the
31 Controllable Operating Expenses for the Lease Year immediately prior to each such
32 Lease Year. "Controllable Operating Expenses" shall mean the Operating Expenses
33 other than insurance, taxes, utilities and other governmentally-mandated charges.
34

35 Landlord shall, within sixty (60) days of each anniversary date of the Commencement
36 Date, furnish to Tenant an itemized, detailed statement prepared, signed and certified
37 to be correct by Landlord, of the total Operating Costs for the prior Lease Year, (the
38 "Actual Operating Expense Cost") and Landlord's reconciliation of the Estimated O/E
39 Cost charged in the prior Lease Year with the Actual Operating Expense Cost for the
40 prior Lease Year. Tenant's Proportionate Share of the Actual Operating Expense Cost
41 if any, in excess of the Estimated O/E Cost for the prior Lease Year shall be payable by
42 Tenant within ninety (90) days after Tenant's receipt of the Actual Operating Expense
43 Cost statement. Landlord shall pay Tenant the amount of Tenant's Proportionate Share
44 of the Estimated O/E Cost in excess of the Actual Operating Expense Cost for the prior
45 Lease Year upon delivery of the Actual Operating Expense Cost statement.
46

1 On an annual basis, Landlord shall keep at its offices full, accurate and separate books
2 of account covering Landlord's operating costs, and the statement if Tenant shall
3 accurately reflect the total operating costs and Tenant's Proportionate Share. The
4 books of account shall be retained by Landlord at its offices for a period of at least five
5 (5) years after the expiration of each calendar year. Tenant shall have the right at all
6 reasonable times during the Term to audit Landlord's records and inspect the books of
7 account.

8
9 If Tenant objects to any statement of increased operating costs submitted to Tenant by
10 Landlord, both parties shall attempt to resolve the conflict by negotiation. If Landlord
11 and tenant are able to negotiate a resolution to the conflict within twenty (20) days after
12 Tenant shall have given Landlord written objection to the statement, then the dispute
13 shall be resolved by binding arbitration mutually acceptable to the parties.
14
15

16 [Signature Page Follows]



1 IN WITNESS WHEREOF this Lease has been executed the day and year first
2 above set forth.

3
4
5 LANDLORD:

Triple Net Properties Realty, Inc.,

6
7
8 By: _____

9 Name: _____

10 Its: _____


LOUIS ROGERS
PRESIDENT

11
12
13
14 TENANT

COUNTY OF LOS ANGELES
a body politic and corporate

15
16
17
18 By: _____

19 Name: _____

Zev Yaroslavsky
Chairman, Board of Supervisors

20
21
22
23 ATTEST:

24
25 Sachi A. Hamai
26 Executive Officer-Clerk
27 of the Board of Supervisors

28
29 By: _____

30 Deputy

31
32
33
34 APPROVED AS TO FORM:

35
36 County Counsel
37 RAYMOND G. FORTNER JR.

38
39 By:  for KDF

40 Kathleen Dougherty Police
41 Principal Deputy
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43
44
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EXHIBIT A
(SEE ATTACHED PAGES)

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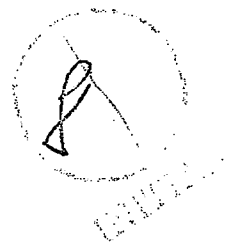
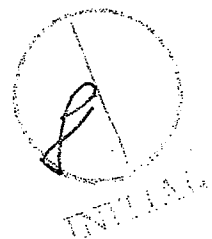
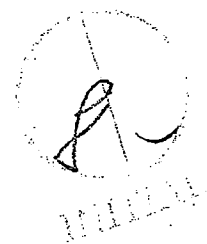
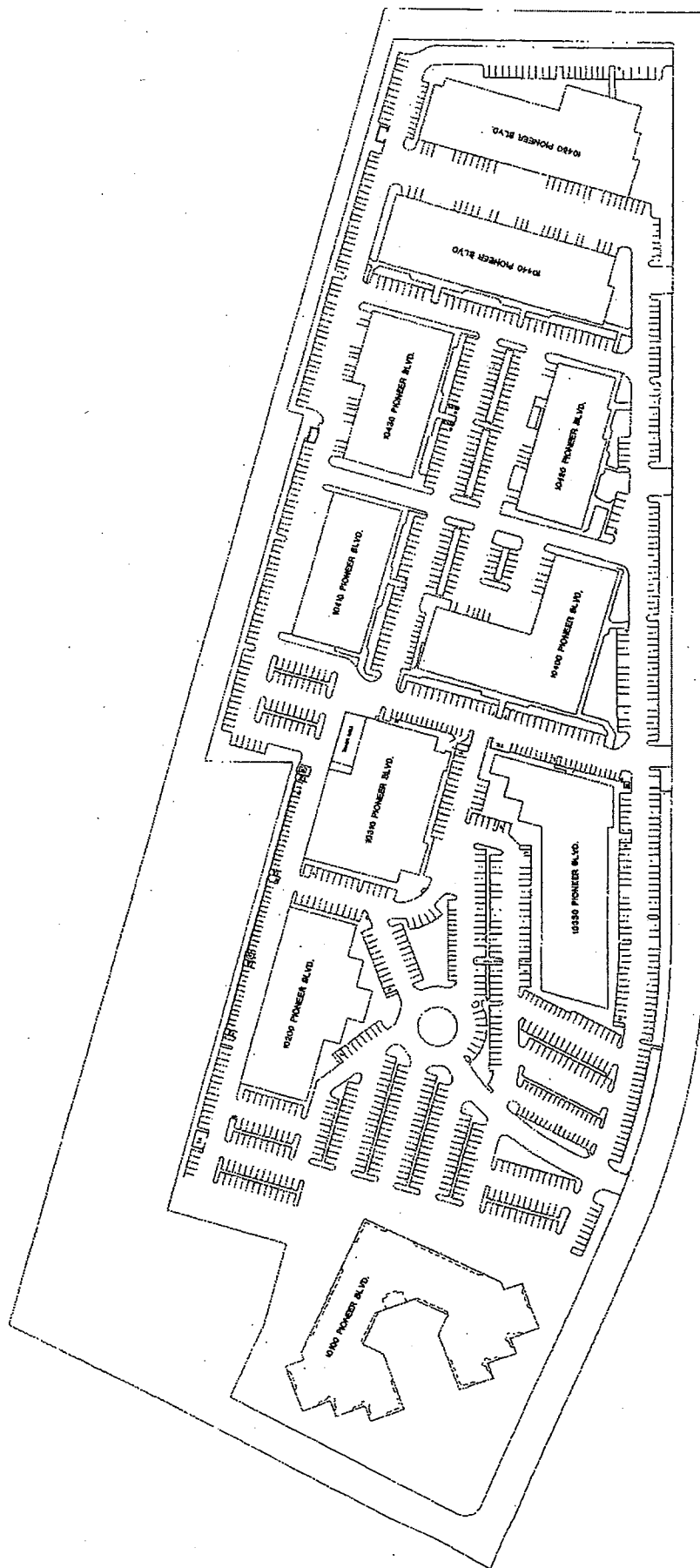


EXHIBIT A
(SEE ATTACHED PAGES)

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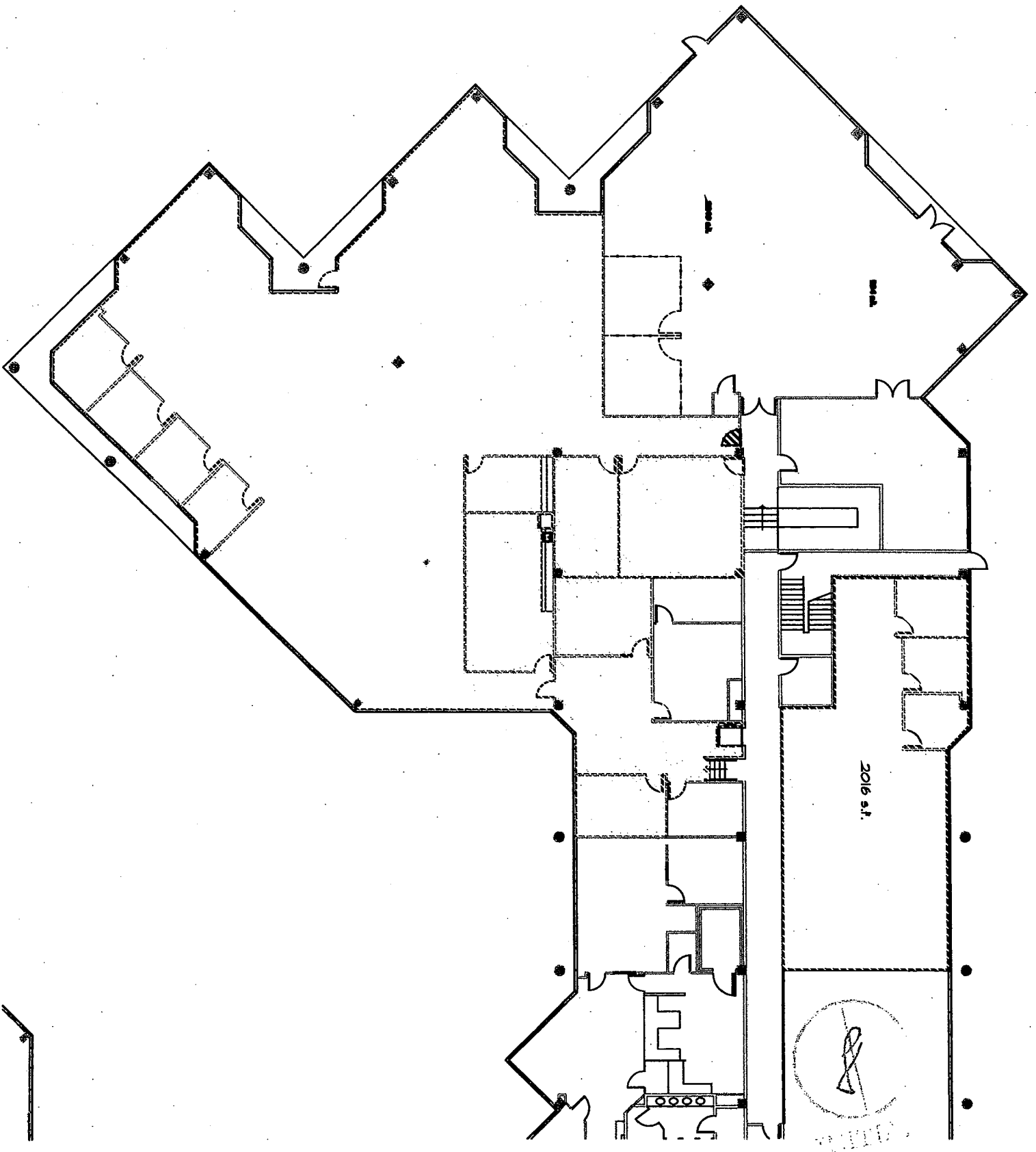




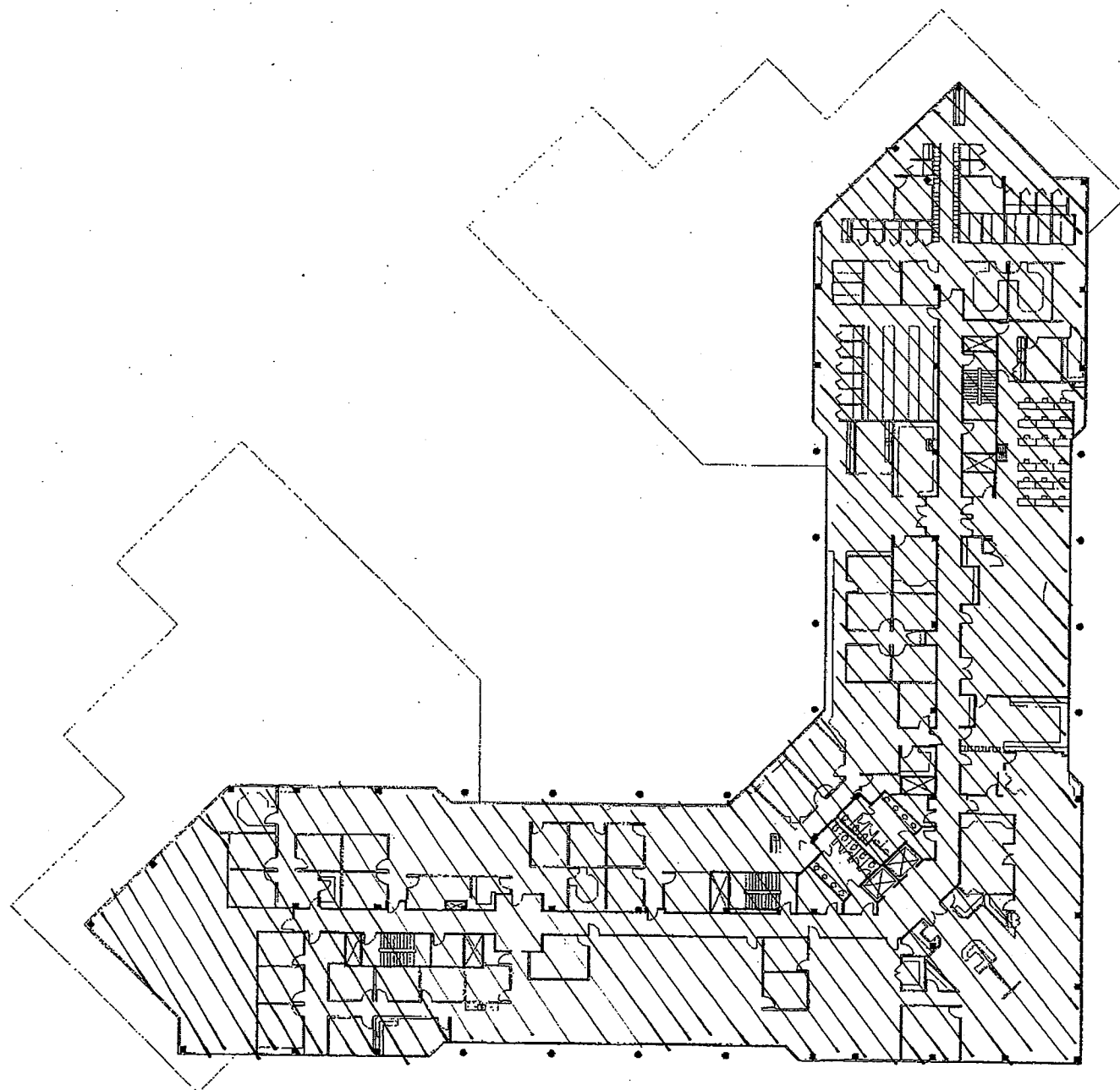
FLOOR PLAN OF PREMISES
EXHIBIT B
(SEE ATTACHED PAGES)

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Santa Fe Springs Town Center Business Park
10100 Pioneer Boulevard, 1st Floor
Santa Fe Springs, CA 90670



Santa Fe Springs Town Center Business Park
10100 Pioneer Boulevard, 2nd Floor
Santa Fe Springs, CA 90670



LEGAL DESCRIPTION OF PROPERTY
(SEE ATTACHED PAGES)

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EXHIBIT "ONE"

PARCEL A:

PARCELS 1 AND 3 OF PARCEL MAP NO. 26722, IN THE CITY OF SANTA FE SPRINGS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 315, PAGES 76 THROUGH 80 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY...

EXCEPT THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER SAID REAL PROPERTY, TOGETHER WITH ALL RIGHTS, INCIDENT, OR NECESSARY TO THE CONVENIENT EXTRACTION OF ALL OIL, GAS, ASPHALTUM OR OTHER HYDROCARBON SUBSTANCES IN OR UNDER SAID LAND, PAYING THE REASONABLE DAMAGE IF ANY BE DONE TO THE PROPERTY OF GRANTEE, AS WELL AS ALL INCREASE OF TAXES ON ACCOUNT OF THE DISCOVERY OR EXTRACTION OF OIL, GAS, ASPHALTUM OR OTHER HYDROCARBON SUBSTANCES, AS RESERVED BY PETER J. WEISEL AND LOUISE A. WEISEL, HIS WIFE, IN DEED RECORDED FEBRUARY 28, 1923 AS INSTRUMENT NO. 1075 IN BOOK 2054, PAGE 5, OFFICIAL RECORDS.

PARCEL B:

NON-EXCLUSIVE AND PERPETUAL EASEMENTS IN, TO, OVER AND ACROSS THE ROADS, DRIVEWAYS, RAMPS, LOADING DOCKS, CURBS, WALKWAYS AND SIDEWALKS NOW OR HEREAFTER CONSTRUCTED ON THE COMMON AREA LOT (LOT 11) FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS, PASSAGE AND ACCOMMODATION AS DESCRIBED IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR TOWN CENTER BUSINESS PARK RECORDED JULY 29, 2003 AS INSTRUMENT NO. 03-2161323 OF OFFICIAL RECORDS.

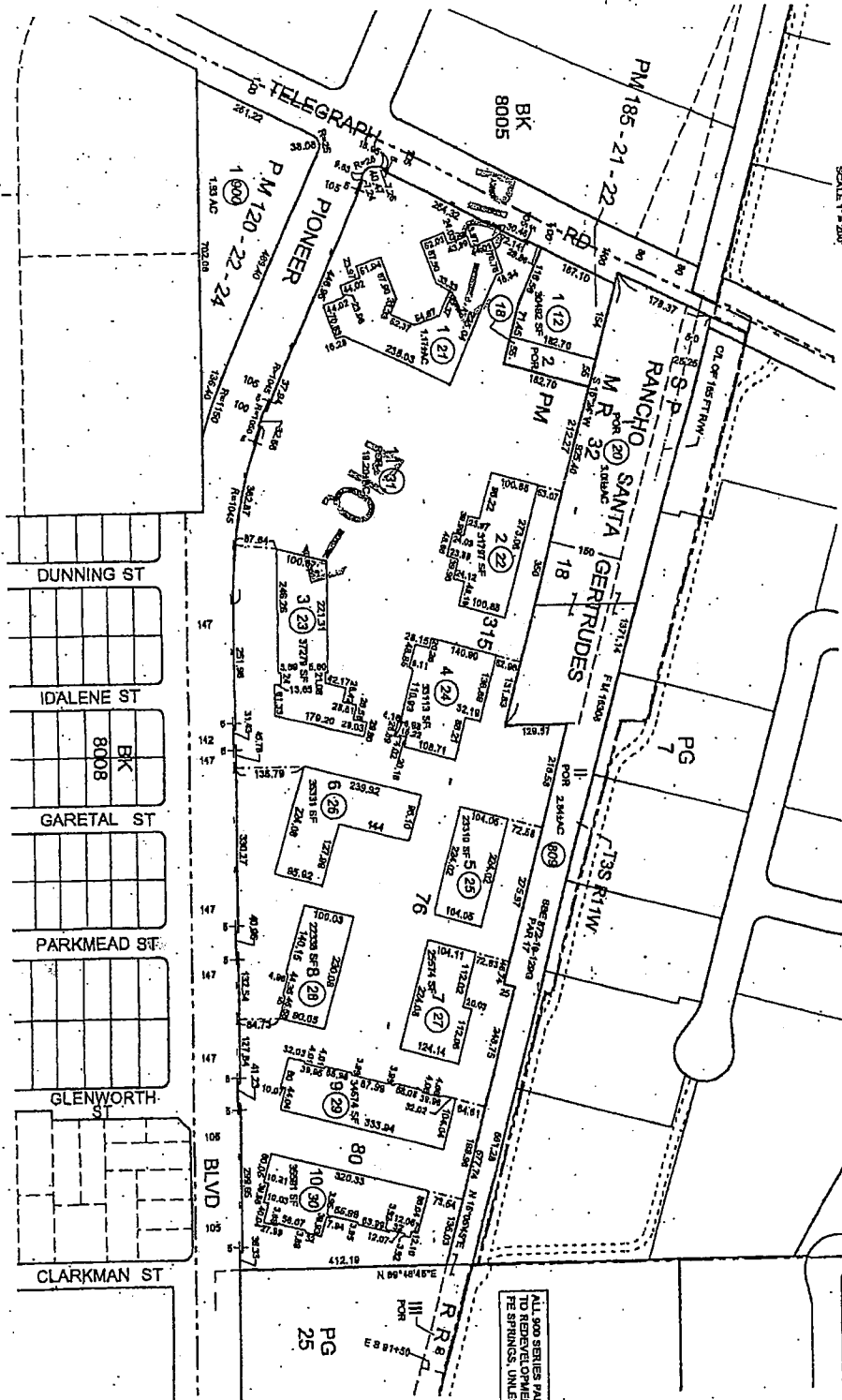
THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

8009	26	P.A.	TR4	REVISED	2002031204004002-11	SEARCHING	OFFICE OF THE ASSESSOR
SHEET	420-401	5314	19800116030002011	198000102004001	20030210000001-23		COUNTY OF LOS ANGELES
							COPYRIGHT © 2002

2004



MAPPING AND GIS
SERVICES
SCALE 1" = 200'



ALL 500 SERIES PARCELS ON THIS PAGE ARE ASSESSED
TO REDEVELOPMENT AGENCY OF THE CITY OF SANTA
FE SPRINGS, UNLESS OTHERWISE NOTED

MAY 14 2003

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2006, between County of Los Angeles, a body politic and corporate ("Tenant"), and NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 10330 Pioneer Blvd., Santa Fe Springs, CA ("Premises").

Landlord and Tenant hereby acknowledge as follows:

(1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");

(2) Tenant has accepted possession of the Premises and now occupies the same;

(3) The Lease commenced on _____ ("Commencement Date");

(4) The Premises contain _____ rentable square feet of space; and

(5) Basic Rent Per Month is _____.

(6) Tenant's Proportionate Share of Operating Expense Rent is ___% of _____.

(7) Landlord's brokerage commission paid in connection with this Lease is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

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"Tenant"

COUNTY OF LOS ANGELES,
A body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

a _____

By: _____
Name: _____
Its: _____

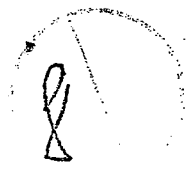


EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 76 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.



EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desk, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of doorjambes dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

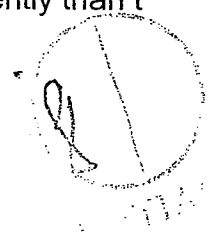
- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.



1
2 6. ANNUALLY
3

- 4 A. Furniture Systems and any other fabric or upholstered surfaces including chairs,
5 couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's
6 sole discretion, professionally cleaned in their entirety using a water extraction
7 system.
8 B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand
9 scrub process. All grout and porous surfaces resealed with a professional grade
10 sealant.
11 C. Touch-up paint all interior painted surfaces in a color and finish to match existing.
12

13 7. AS NEEDED
14

- 15 A. Premises and the sidewalks, driveways, parking areas and all means of access
16 and egress for the Premises should be maintained in good repair, and in clean
17 and safe condition at all times.
18 B. All lawns, shrubbery and foliage on the grounds of the Premises should be
19 maintained in good condition and neat in appearance. Grass and shrubbery must
20 be replanted as needed to maintain the grounds in good appearance and
21 condition.
22 C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation
23 system as recommended by the carpet manufacturer. The following schedule will
24 be maintained for carpet cleaning: (i) heavy traffic areas as needed with a
25 minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic
26 areas cleaned as needed with a minimum of once every six (6) months [two (2)
27 times per year]; and (iii) clean light traffic areas a minimum of once per year.
28 Landlord agrees that bonnet cleaning is not an acceptable method of cleaning
29 carpets.
30 D. All walls repainted and wall coverings replaced throughout the Premises. The
31 paint finish should be eggshell or semi-gloss as directed by Tenant and in a color
32 acceptable to Tenant. In no event will Landlord be required to repaint or replace
33 wall coverings more than one (1) time in a five (5) year period (the "Occurrence").
34 The initial tenant improvements completed prior to Tenant's occupancy or as a
35 condition to the renewal of the Lease shall not constitute an Occurrence for the
36 purpose of determining the frequency of this work.
37

38 8. GENERAL.
39

40 Landlord shall, upon request of Tenant, produce written service contracts as
41 evidence of compliance with the terms of this Cleaning and Maintenance Schedule.
42
43
44
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SUPPLEMENTAL LEASE DOCUMENTS

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: HEALTH SERVICES, as Tenant

LANDLORD: TRIPLE NET REALTY, INC

10110 PIONEER BLVD., SANTA FE SPRINGS

Document I - Subordination, Nondisturbance and Attornment Agreement

Document II - Tenant Estoppel Agreement

Document III - Community Business Enterprises Form

Document IV - Memorandum of Lease

Document V - Request for Notice

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DOCUMENT I

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

AND WHEN RECORDED MAIL TO:)
)
County of Los Angeles)
Chief Administrative Office)
Real Estate Division)
222 South Hill Street)
3rd Floor)
Los Angeles, California 90012)

Space above for Recorder's Use

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), Triple Net Properties, LLC, ("Borrower") and [Insert name of Lender], ("Lender").

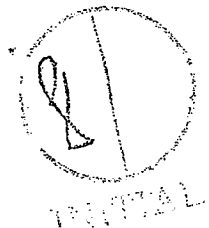
Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.



Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination..

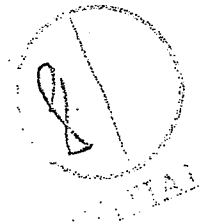
2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Nondisturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section..



To Lender:

To Borrower:

To Tenant:

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

8

TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

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DOCUMENT II

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
Lease Dated: _____
Current Landlord: _____
Located at: _____
Premises: _____
Commencement Date of Term: _____
Expiration Date: _____
Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

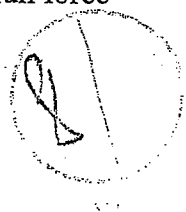
(b) The current Rent is set forth above.

(c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

(e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force



and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(b) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

A handwritten signature, possibly "J. D.", is written over a circular stamp. The stamp contains some illegible text, possibly "NOTARY PUBLIC".

DOCUMENT III

COMMUNITY BUSINESS ENTERPRISES FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: _____

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin America	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	_____

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: _____

____ (Corporation, Partnership, Sole Proprietorship, etc.)

8

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American _____
Hispanic/Latin American _____
Asian American _____
Portuguese American _____
American Indian/ _____
Alaskan Native _____
All Others _____
Women _____
(Should be included in counts
above and also reported
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

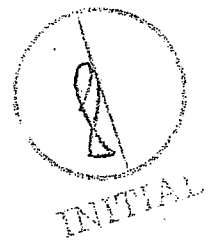
WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS
FORM.

Firm Name:

Signed:

Date:

Title:


INITIAL

DOCUMENT IV

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

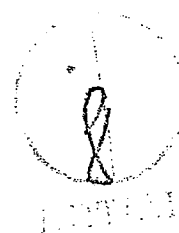
This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Triple Net Realty, INC, (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20____, and ending on a date _____ (10) years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated _____, 200__.

[Tenant has the option to extend the term of the Lease for a period of two (2) 5-year options, subject to the terms and conditions of the Lease.]



This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

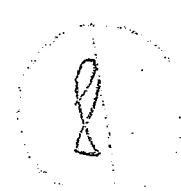
Dated: _____, 20__.

LANDLORD:

TENANT:

By: _____
Its: _____

By: _____
Its: _____



DOCUMENT V
REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

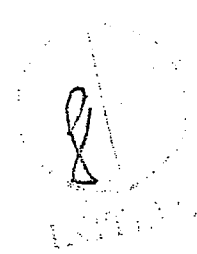
In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee



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Beneficiary

be mailed to County of Los Angeles, Chief Administrative Office, Real Estate Division,
222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of
Real Estate.

"LENDER:

_____,
a _____

By: _____
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

8

COUNTY OF _____ ss.

On this _____ day of _____, 20____, before me, _____
_____ a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal

Signature _____

My commission expires _____

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LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT:Health Services, as Tenant

LANDLORD:

10100 PIONEER BLVD., SANTA FE SPRINGS

2

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 20____, executed concurrently herewith, by and between NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

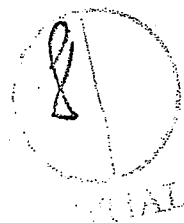
(a) <u>Base Tenant Improvement Allowance</u>	\$917,840 (i.e., \$22.00 per rentable square foot of the Premises)
(b) <u>Additional Tenant Improvement Allowance</u>	\$1,114,290(i.e., \$27.00 per rentable square foot of the Premises)
<u>Maximum Change Order Allowance</u>	\$50,000
(c) <u>Furniture Allowance</u>	Not to exceed \$959,560(i.e., \$23.00 per rentable square foot the Premises) which is reimbursed by County to the Landlord in a lump sum payment within sixty (60) days after the Commencement Date; provided a finalized accounting of all Tenant Improvements have been provided by Landlord and reviewed and accepted by the County, such review and acceptance not to be unreasonably withheld, delayed or conditioned.
(e) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	9% per annum amortized over a 60 month period

INITIAL

(f) <u>Basic Rent Reduction per \$1,000</u>	N/A
(g) <u>Tenant's Work Letter Representative</u>	Thomas Shepos or an assigned staff person of the Chief Administrative Office-Real Estate Division
(h) <u>Landlord's Work Letter Representative</u>	Marge Almond
(i) <u>Landlord's Address for Work Letter Notice</u>	1551 N Tustin Avenue, Suite 200 Santa Ana, CA 92705
(j) <u>Tenant's Address for Work Letter Notice</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Administrative Office- Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
(k) <u>Addenda</u>	Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements

2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.



2.2 Additional Costs Not Tenant Improvement Costs

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

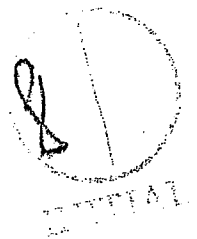
(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. Selection of Architect and Engineer. Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. Selection of Contractor The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.



5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

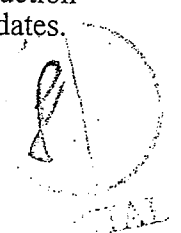
5.2 Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review.

5.3 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates.



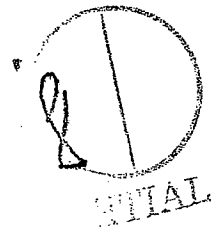
As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Final Construction Budget and Payment of Tenant Construction Costs**

6.1 **Construction Budget.** Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget") in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 **Additional Tenant Improvement Allowance.** All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto, shall be Tenant Improvements and shall be at Landlord's sole cost and expense ("Tenant Improvements"). Costs of Tenant Improvements shall included costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 **Method of Payment.** That portion of the Additional Tenant Improvement Allowance up to the first eighteen (\$18.00) dollars per square foot used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in amortized monthly payments over the first sixty (60) month term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the initial sixty (60) month term of the Lease at the Tenant Improvement Amortization Rate. That portion of the Additional Tenant Improvement Allowance over the first eighteen (\$18.00) dollars per square foot used to pay for the Tenant Improvement Costs must be paid to Landlord (i) in a lump sum within sixty (60) days of when the Tenant Improvements are Substantially Complete.



7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, the general contractor for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit three (3) sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

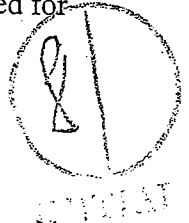
7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as



approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

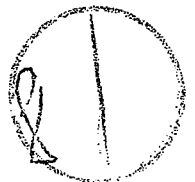
7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders (a) in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortize the costs over the term of the Lease at the Change Order Amortization Rate. Landlord shall submit to the Chief Administrative Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Administrative Officer.

9. Furniture System

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Furniture Allowance. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed one hundred twenty (120) months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:



(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within five (5) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twenty-four (24) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and, if Landlord agrees with the findings of such audit summary, then Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results. If Landlord reasonably objects to the findings of the audit summary, then the dispute shall be resolved through binding arbitration mutually acceptable to the parties.

11. **Exclusions.** The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the

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Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within sixty (60) days from the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon thirty (30) days written notice to Landlord; or

14.2. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide tenant improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of nine percent (9%) per annum ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

(a) **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

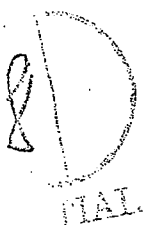
16. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord")



By: Triple Net Properties Realty, Inc.,
as Landlord's authorized agent

By: _____

Name: _____

Title: _____

Date Signed: 3/13/07

LOUIS ROOPER
PRESIDENT

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____

Name: _____

Title: _____

Date Signed: _____

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;

(e) public stairways;

(f) passenger and freight elevators;

(g) parking facilities;

(h) ground floor lobby;

(i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);

(j) exterior plazas and landscaping;

(k) loading dock and/or area;

(l) drinking fountains at the core;

(m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(n) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors 1 and 2, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(o) two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;

(p) mechanical equipment room with ducted mechanical exhaust system;

(q) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(r) standard window coverings;

(s) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;

(t) hot and cold air loops located within the Premises;

(u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(w) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(x) gypsum board on the service core walls, columns and sills in the Premises.



ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.

ADDENDUM C To Landlord's Work Letter

FORM OF BUDGET

ADDENDUM C - Page 1

8/1/2020
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ADDENDUM D To Landlord's Work Letter
COSTS OF TENANT IMPROVEMENTS

ADDENDUM D - Page 1